

**WINFIELD COMMONS
NORTH STREET DEVELOPMENT, LLC
236 North Street, Saco, Maine**

PUBLIC OFFERING STATEMENT

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PUBLIC OFFERING STATEMENT

WINFIELD COMMONS 236 North Street, Saco, Maine

I. Description of the Condominium and the Units.

Winfield Commons (the "**Condominium**"), is located at 236 North Street, in Saco, Maine (the "**Property**"). The Condominium is being developed by North Street Development, LLC (the "**Declarant**"). The Condominium is proposed to consist of Thirteen (13) condominium units (the "**Units**"). All of the Units offer a 1-2 bedroom floor plan. Each Unit is an individual Residential Unit.

The square footage and specific floor plan for each unit is depicted on the condominium Plats and Plans, attached as **Exhibit B** (the "**Plans**").

In addition to owning his or her Unit, each individual Owner owns a specified undivided interest in the Common Elements. This is referred to as the "Percentage Interest." The ownership of this Percentage Interest gives each Owner the right, subject to the terms of Chapter 31 of Title 33 of the Maine Revised Statutes Annotated (the "**Condominium Act**"), the Declaration, the By-Laws and the Plans, to use and participate in the control of the Common Elements through membership in the Winfield Commons Condominium Association (the "**Association**"). Included in the Common Elements shall be the open space areas as shown on the Plans. A summary description of the Common Elements can be found in Article III of this Statement.

Some portions of the Common Elements are designated as "Limited Common Elements." Each Unit will have appurtenant to it as a Limited Common Element those items specified in the Declaration. The Limited Common Elements are for the exclusive use of the Owner to whose Unit the Limited Common Element is assigned by the Declaration and the Plans, the Declarant or the Association.

As described below, the Condominium shall consist of Sixteen (16) Units when fully complete, identified as Units 1-16 on the Plans. Initially, however, the Condominium shall consist of thirteen (13) units. As set forth in the Declaration and described herein, the Declarant reserves various Development Rights including the right to add and withdraw Condominium Units. Any Unit under construction shall be completed within one (1) year from the date construction is commenced.

II. The Maximum Number of Units; Sales to Investors.

The maximum number of Units will be Sixteen (16) Units.

The Declarant does not intend to retain any Units for rental by Declarant, however, any or all Units owned by Declarant pending sale may be offered for rent to the general public.

Declarant reserves the right to market Units in blocks to investors.

III. Description of the Significant Features of the Declaration, Bylaws and Other Important Documents.

A. The Declaration.

The Condominium shall be created by the Declarant recording a Declaration ("the **Declaration**") and the Plans in the Cumberland County Registry of Deeds. A copy of the Declaration and reduced copies of the Plans, effective as of the date hereof, are attached as **Exhibit A** (the "**Condominium Documents**"). The following is a brief narrative description of the significant features of the Declaration.

Article 1 provides for the submission of the Property as a Condominium under the Condominium Act and states the name and address of the Condominium.

Article 2 contains the definitions of certain terms used in the Condominium Documents. Article 2 also incorporates the provisions of the Condominium Act (33 M.R.S.A. § 1601-101, *et. seq.*), and states that those Acts' provisions apply to the operation and government of the Condominium except (where permitted by the Condominium Act) to the extent contrary provisions are found in the Condominium Documents.

Articles 3 and 4 of the Declaration state that the Condominium shall initially consist of thirteen (13) Units, and describe the boundaries of the Units, the Common Elements, and Limited Common Elements. All portions of the homes which are not contained within a Unit and which are not designated as Limited Common Elements are deemed to be Common Elements. Common Elements will be maintained by the Association on behalf of all Owners, and the cost of such maintenance will be shared by all Owners according to their Percentage Interests. All maintenance, repair and replacement Common Elements, will be included in the Common Expenses.

Article 5 of the Declaration describes the maintenance responsibilities of the Association and the Owners. The Owners are responsible for the maintenance and upkeep of their respective Units. The Association, or the Association acting through a managing agent, is responsible for the maintenance and upkeep of the Common Elements and Limited Common Elements.

Article 6 of the Declaration establishes the Percentage Interests of the Units in the Common Elements, the Common Expense liability and the voting rights of Owners. The Percentage Interest for each Unit is depicted on **Exhibit B** to the Declaration, attached hereto. Each Owner will have a vote in the Association corresponding to each Unit as set forth on such **Exhibit B**.

Article 7 of the Declaration sets forth the Association's right to employ a property management firm to act as Managing Agent to oversee daily operation of the Condominium and the allocation of maintenance responsibilities. The Managing Agent, or the Association through the Executive Board in the absence of a Managing Agent, will keep the Common Elements and Limited Common Elements properly maintained and is authorized to replace or repair any Limited Common Elements. The Managing Agent will also coordinate operation and management of the Units. Fees and charges for Managing Agent services are a Common Expenses.

Article 8 of the Declaration lists the various easements to which the Condominium or certain portions of the Condominium are subject. It also reserves to the Declarant the right to maintain models, signs and management offices on the Property. (For more information regarding encumbrances to which the Condominium is subject, see Section VII of this Statement.)

Article 9 of the Declaration imposes various restrictions on the use of the Units and various other portions of the Condominium. For example, all Units are restricted to residential uses, and Owners are barred from conducting any activity which unreasonably interferes with the quiet enjoyment of adjacent Units. There are restrictions concerning pets and repairs of Units by Owners.

Article 10 of the Declaration allows the Declarant to reserve certain rights with respect to the development of the Property and describes what those rights are. (For more information regarding development rights reserved by the Declarant, see Section XX of this Statement.)

Article 11 of the Declaration provides that all present and future owners, lessees, occupants, mortgagees and holders of Land Installment Contracts ("**Contract Holders**") of Units in the Condominium are subject to the Condominium Documents, and provides for a procedure to be followed in the event of condemnation of all or part of the Common Elements.

Article 12 of the Declaration describes the makeup of the Executive Board of the Association. The Executive Board consists of three (3) members and, initially, the Declarant will appoint the members of the Executive Board. This Article also provides for the transition from the Declarant appointed Executive Board to an Executive Board controlled by the Owners (for more information regarding this transition see Section XXI of this Statement). Article 12 also sets forth the procedure to be followed to resolve any inconsistency among the various Condominium Documents and to amend the Condominium Documents, and grants to the Executive Board and any aggrieved Owner the power to abate or enjoin any violations of the Condominium Documents by Owners, tenants of Owners or the Association.

Article 13 of the Declaration provides for a limitation on the liability of the members, officers and employees of the Executive Board and provides for the indemnification of members of the Executive Board against all expenses and liabilities which they may incur in the performance of their duties, except in circumstances involving willful misconduct or gross negligence. Other sections in Article 13 provide for the defense of claims against the Association, a disclaimer of bailee liability of the Association, the members of the Executive Board and of any Owner for personal property stored on the Common Elements.

Article 14 deals with the liability of Owners to pay all Common Expense assessments allocated to their Units and provides the procedures to be followed to establish reserves, fix assessments and collect assessments in the event the Owner fails to pay them.

Article 15 sets forth the rights of Contract Holders and of lenders who provide mortgages or other financing to purchasers of Units in the Condominium. There are no restrictions on the type of financing; however, lenders and Contract Holders must register with the Association in order to receive notices. Under Article 15.2 and Article 15.3 of the Declaration, mortgagees, Contract Holders, insurers and guarantors of mortgages on the Units are entitled to receive certain notices and are given certain rights.

Article 16 of the Declaration outlines the types and amounts of insurance which the Association is required to obtain and the various provisions governing such insurance (For more information regarding insurance, see Section XIV of this Statement.)

Article 17 provides that the Declarant may assign the rights it has reserved to others.

Article 18 outlines the procedure for amendments of the Declaration. With certain exceptions, the Declaration may be amended by vote or agreement of the Owners of Units to which at least sixty-seven percent (67%) of the votes in the Association are allocated. In certain cases, amendments to the

Declaration must be approved by certain mortgagees of Units representing at least fifty-one percent (51%) of the votes of Units that are subject to mortgages held by those mortgagees.

Article 19 provides the procedure for termination of the Condominium. The Condominium may be terminated only by agreement of the Owners to which eighty percent (80%) of the votes in the Association are allocated, and in certain cases, such termination must be approved by certain mortgagees of Units to which sixty-seven percent (67%) of the votes in the Association allocated to Units subject to mortgages held by those mortgagees are allocated. Otherwise, termination of the Condominium will be governed by the provisions of the Condominium Act.

Article 20 appoints the Managing Agent, if any, to be the Attorney in Fact for each Owner in certain instances regarding personal property, and the management of the Condominium.

Article 21 sets out several general provisions dealing with the construction and application of the Declaration.

Article 22 provides guidelines for giving notice to Unit Owners of matters affecting the Condominium.

B. ByLaws of the Association.

The operation and administration of the Association are governed by the ByLaws. A copy of the ByLaws effective as of the date of delivery of this Public Offering Statement is attached to this Statement as **Exhibit C.**

Article 1 of the ByLaws set out several general provisions dealing with the application and construction of the ByLaws and the location of the Association office.

Article 2 of the ByLaws provide that all Owners in the Condominium are members of the Association. Article 2 also sets forth the time, purpose and procedure for annual and special meetings of the Association. The Association is required to conduct meetings at least annually, and at the annual meeting the Treasurer of the Association is required to present an annual financial report for the preceding fiscal year and the projected budget for the current fiscal year.

Article 3 provides for an Executive Board of three (3) natural persons. It also describes the time, purpose and procedures for meetings of the Executive Board, and sets forth procedures to be followed in the event Executive Board members resign or positions on the Executive Board become vacant. The annual meeting of the Association is initially scheduled to take place on the first Saturday of December of each year. Article 3 also sets forth requirements governing the validity of contracts with interested Executive Board members, and permits the Executive Board to enter into a management contract for the professional management of the Condominium.

Article 4 contains provisions governing the election of officers of the Association by the Executive Board and enumerates the duties of those officers.

Article 5 describes the procedure for establishing budgets and the ratification thereof by the Owners. It also sets forth the obligation of Owners to pay Assessments for Common Expenses. Under Article 5.8, the Association, by a two-thirds (2/3) vote may reject any capital expenditure or borrowing approved by the Board, except during the period during which the Declarant may appoint all of the members of the Executive Board.

Article 6 sets forth the procedure for restoration and repair to the Buildings or other parts of the Condominium if damaged or destroyed.

Article 7 sets forth the procedure for amending the ByLaws, and also provides certain notification rights for holders, insurers, and guarantors of mortgages secured by Units of the Condominium.

Article 8 contains general provisions applicable to the ByLaws.

Article 9 describes the seal of the Association.

C. Rules and Regulations.

The ByLaws provide that the Executive Board may promulgate rules and regulations governing the details of the use and operation of the Condominium. A copy of the Rules and Regulations effective as of the date of this public offering statement is attached to this Statement as **Exhibit D**. These Rules and Regulations generally regulate the Owners' use of the Units and the Common Elements so as to minimize disruption and interference by one Owner with the rights of others. They further provide that Common Elements may not be obstructed, and they regulate the cleanliness, appearance, and maintenance of both the Units and the Common Elements. They also regulate noise-making by owners and other interference with the rights of the owners. The Rules and Regulations also cover the keeping of animals by owners and the leasing of units. Included within the Rules and Regulations are the procedures for submitting complaints and enforcing the Rules and Regulations. The Executive Board occasionally develops policies which may also impact Owners, but which are not codified into the Rules & Regulations.

D. Contracts and Leases to be signed by purchasers at closings, Contracts or Leases that May Extend Beyond Period of Declarant Control.

At closings purchasers are required to sign a Purchase and Sale Contract and those documents required regularly to obtain the financing of a Unit. A Copy of a Purchase and Sale Contract, effective as of the date hereof, is attached as **Exhibit E**, unless otherwise provided to the purchaser(s).

At the time of purchase there may be in place a contract with a Managing Agent. The Association through the Executive Board has the right to employ a professional experienced Managing Agent who shall oversee the daily operation of the Condominium; provided, however, no agreement for such professional management of the Condominium will exceed a term of three years but may be renewed upon consent of the Association. Such agreement shall be cancelable by either party without cause and without a termination fee upon not less than sixty (60) days nor more than ninety (90) days written notice and shall be cancelable by the Executive Board with cause upon not less than thirty (30) days written notice. Any agreement for professional management negotiated by the Declarant shall meet the same requirements for agreements negotiated by the Association and cannot exceed one year but may be renewed upon consent of the Association.

E. Projected Budget and Current Balance Sheet.

The Executive Board of the Association, or the Declarant, has prepared a proposed budget for the 12 month period beginning January 1, 2005 and ending December 31, 2005. A copy of the currently projected budget for the Association is included in this Public Offering Statement as **Exhibit F**.

The budget has been prepared based upon what the Declarant believes to be the best current estimates of future costs based on information currently available, and maintenance costs of similar properties. The

budget establishes a reserve for future capital expenditures for repair and replacement. There are no other reserves.

IV. Declarant Services.

There are no services the Declarant currently provides not reflected in the budget or expenses currently paid which the Declarant expects may become at any future time a Common Expense to the Association.

V. Initial or Special Fees Due From the Purchaser at Closing.

At closing, the Purchaser will be required to pay in advance a fee for condominium reserves in an amount equal to two (2) months' Common Expense Assessments for the unit purchased. The Purchaser will be required to pay the standard settlement costs as described in the Purchase and Sale Contract and the purchaser's prorated share of any Common Expense Assessment paid by the Declarant.

VI. Liens, Defects and Encumbrances Affecting the Title to the Condominium and Units.

The Condominium and Units are subject to the terms of the Declaration, as recorded, the conditions shown on the Plats and Plans, as recorded, the ByLaws and any Rules and Regulations issued, as each of these may be amended from time to time. In addition, the condominium is subject to the following:

- (a) The encumbrances, if any, listed on the attached **Exhibit G.**
- (b) Statutory easements granted by the Condominium Act, including (i) the easement provided by Section 1602-114 of the Condominium Act, which provides that a Unit or Common Element is subject to a valid easement to the extent that any other Unit or Common Element encroaches upon it; (ii) the provisions of Section 1602-115 of the Condominium Act which allows the Declarant to maintain sales offices, management offices and models in the Condominium (such right being set forth in Article 8.1 of the Declaration); and, (iii) the easement provided in Section 1602-116 of the Condominium Act, which allows the Declarant an easement through the Common Elements, and, if necessary, through portions of the Limited Common Elements, as may be reasonably necessary to facilitate the completion of the Condominium, to exercise any Development Right or Special Declarant Right reserved by the Declarant in Article 10 of the Declaration and elsewhere in the Condominium Documents.
- (c) Unrecorded easements, discrepancies, conflicts in boundary lines, shortages of area and encroachments which an accurate and complete survey of the Condominium as built, would disclose.
- (d) Easements and restrictions described in Article 8 of the Declaration including the following:
 - (1) The Units and Common Elements are subject to easements in favor of the Declarant, other owners, and appropriate utility service companies and governmental agencies. Further, the Executive Board shall have the right and power to convey permits, licenses and easements over the Common Elements for the installments, maintenance, repair and replacement of utility equipment, roads, for the protection of the natural, scenic and open space values of the Property, and for other purposes necessary for the proper operation of the Condominium;
 - (2) Those portions of the Common Elements not located within the buildings in which the Units are located are subject to an easement in favor of the Declarant to maintain and correct drainage of surface water;

(3) The Common Elements and Units are subject to an easement in favor of the Declarant for the purposes of construction, reconstruction, maintenance, renovation, repair, replacement or correction of the Units or Common Elements;

(4) The Common Elements (not including the Limited Common Elements) are subject to an easement in favor of the Owners, their invitees, employees, tenants and servants, the Association and the agents and employees of the Association for access through each portion of the Common Elements, subject to the requirements and charges imposed by the Executive Board;

(5) The Common Elements are subject to an easement in favor of the Association, its agents, employees and independent contractors for the purpose of inspection, upkeep, maintenance, repair and replacement of the Common Elements;

(6) The Units and the Limited Common Elements are subject to an easement in favor of the Association, its agents, employees, and independent contractors for inspection of the Units and Limited Common Elements and Property, for inspection, maintenance, repair and replacement of the Common Elements or the Limited Common Elements and Property situated in or accessible from such Units or Limited Common Elements and for the correction of emergency conditions;

(7) The Units and the Limited Common Elements are subject to an easement in favor of the Owner benefited and the Association, its agents, employees and independent contractors for the installation, repair, maintenance, use, removal and/or replacement of pipes, ducts, electrical, telephone, telegraph and other communication systems and all other utility lines which are part of the Common Elements and pass through a portion of one or more Units;

(8) If the construction, reconstruction, repair, shifting, settlement or other movement of any portion of the Condominium results either in the Common Elements encroaching on any Unit, or in any Unit encroaching on the Common Elements or on any other Unit, a valid easement shall exist during the period of the encroachment for the encroachment and for the maintenance thereof;

(9) The Common Elements are subject to an easement in favor of the benefited Units (a) for installation, repair, maintenance, use, removal and/or replacement of pipes, ducts, heating and air conditioning systems, electrical, telephone and other communication wiring and cables and all other utility lines and conduits which are part of or exclusively serve a single Unit and which pass across or through a portion of the Common Elements; (b) for installation, repair, maintenance, use, removal and replacement of utilities located on the Common Elements, or of overhead lighting fixtures, electrical receptacles and light fixtures located in a portion of the ceiling, wall or floor adjacent to the Unit; (c) for driving and removing nails, screws, bolts and the like into the Unit-side surface of walls, ceilings and floors which are part of the Common Elements; and (d) for the maintenance of the encroachment of any lighting devices, outlets, medicine cabinets, exhaust fans, ventilation ducts, registers, grilles, and similar fixtures which serve only one Unit but which encroach in to any part of any Common Element or Limited Common Element on the date the Declaration is recorded or any amendment thereto is recorded;

(10) The Units and the Limited Common Elements are subject to an easement in favor of the Association, its agents, employees, and independent contractors for inspection of the Units and Limited Common Elements and Property, for inspection, maintenance, repair and replacement of the Common Elements or the Limited Common Elements and Property situated in or accessible from such Units or Limited Common Elements and for the correction of emergency conditions.

(11) The Units and the Limited Common Elements are subject to an easement in favor of the Owner benefited and the Association, its agents, employees and independent contractors for the

installation, repair, maintenance, use, removal and/or replacement of pipes, ducts, electrical, telephone, telegraph and other communication systems and all other utility lines which are part of the Common Elements and pass through a portion of one or more Units;

(12) The Units and the Limited Common Elements are subject to an easement in favor of the Owner benefited and the Association, its agents, employees, and independent contractors for the purpose of affixing and removing carpeting, parquet flooring and other floor coverings and for the purpose of affixing and removing paint, wallpaper, other decorative material, pictures, mirrors and other decorative articles and for otherwise decorating, cleaning and maintaining such surface of the floors, walls and ceilings.

VII. Financing Offered Or Arranged by the Declarant.

The Declarant does not plan to offer financing to any buyers.

VIII. Warranties.

With respect to the Units being sold and the Common Elements appurtenant thereto, the Condominium Act provides as follows:

§ 1604-112. Express warranties of quality.

(a) Express warranties made by any seller to a purchaser of a unit, if relied upon by the purchaser, are only created as follows:

(1) Any written affirmation of fact or promise which relates to the unit, its use, or rights appurtenant thereto, area improvements to the condominium that would directly benefit the unit, or the right to use or have the benefit of facilities not located in the condominium, creates an express warranty that the unit and related rights and uses will conform to the affirmation or promise;

(2) Any model or description of the physical characteristics of the condominium, including plans and specifications of or for improvements, creates an express warranty that the condominium will substantially conform to the model or description;

(3) Any written description of the quantity or extent of the real estate comprising the condominium, including plats or surveys, creates an express warranty that the condominium will conform to the description, subject to customary tolerances; and,

(4) A provision that a buyer may put a unit only to a specified use is an express warranty that the specified use is lawful.

(b) Neither formal words, such as "warranty" or "guarantee", nor a specific intention to make a warranty, are necessary to create an express warranty of quality, but a statement purporting to be merely an opinion or commendation of the real estate or its value does not create a warranty.

(c) Any conveyance of a Unit transfers to the purchaser all express warranties of quality made by previous sellers.

§ 1604-113. Implied warranties of quality.

(a) A declarant and any person in the business of selling real estate for his own account warrants that a unit will be in at least as good condition at the earlier of the time of the conveyance or delivery of possession as it was at the time of contracting, reasonable wear and tear excepted.

(b) A declarant and any person in the business of selling real estate for his own account impliedly warrants that a unit and the common elements in the condominium are suitable for the ordinary uses of real estate of its type and that any improvements made or contracted for by him, or made by any person before the creation of the condominium, will be:

(1) Free from defective materials; and,

(2) Constructed in accordance with applicable law, according to sound engineering and construction standards and in a workmanlike manner. Construction complying with the National Building Code and Code Administrators (BOCA) Basic Building Code or equivalent applicable local building code, if any, shall be deemed to satisfy such sound engineering or construction standards.

(c) In addition, a declarant warrants to a purchaser from him of a unit that may be used for residential use that an existing use, continuation of which is contemplated by the parties, does not violate applicable law at the earlier of the time of conveyance or delivery of possession.

(d) Warranties imposed by this section may be excluded or modified as specified in section 1604-114.

(e) For purposes of this section, improvements made or contracted for by an affiliate of a declarant, section 1601-103, paragraph (1), are made or contracted for by the declarant.

(f) Any conveyance of a unit transfers to the purchaser all of the Declarant's implied warranties of quality.

§ 1604-114. Exclusion or modification of implied warranties of quality.

(a) Except as limited by subsection (b) with respect to a purchaser of a unit that may be used for residential use, implied warranties of quality:

(1) May be excluded or modified by agreement of the parties; and,

(2) Are excluded by expressions of disclaimer, such as "as is", "with all faults", or other language which in common understanding calls the buyer's attention to the exclusion of warranties.

(b) With respect to a purchaser of a unit that may be occupied for residential use, no general disclaimer of implied warranties of quality is effective, but a declarant may disclaim liability in an instrument signed by the purchaser, for a specified defect or specified failure to comply with applicable law, if the defect or failure entered into and became a part of the basis of the bargain.

§ 1604-115. Statute of limitations for warranties.

(a) A judicial proceeding for breach of any obligation arising under section 1604-112 or 1604-113 must be commenced within 6 years after the cause of action accrues, but the parties may agree to reduce the period of limitation to not less than 2 years. With respect to a unit that may be occupied for

residential use, an agreement to reduce the period of limitation must be evidenced by a separate instrument executed by the purchaser.

NOTE: PURSUANT TO § 1604-115(a) PURCHASERS OF UNITS WILL BE REQUIRED TO SIGN A SEPARATE AGREEMENT, ATTACHED HERETO AS EXHIBIT H, TO REDUCE THE PERIOD OF LIMITATION FROM SIX (6) YEARS TO TWO (2) YEARS.

(b) Subject to subsection (c), a cause of action for breach of warranty of quality, regardless of the purchaser's lack of knowledge of the breach, accrues:

(1) As to a unit, at the time the purchaser to whom the warranty is first made enters into possession if a possessory interest was conveyed or at the time of acceptance of the instrument of conveyance if a nonpossessory interest was conveyed; and

(2) As to each common element, at the time the common element is completed or, if later:

(i) As to a common element which may be added to the condominium or portion thereof, at the time the first unit therein is conveyed to a bona fide purchaser; or

(ii) As to a common element within any other portion of the condominium, at the time the first unit in the condominium is conveyed to a bona fide purchaser.

(c) If a warranty of quality explicitly extends to future performance or duration of any improvement or component of the condominium, the cause of action accrues at the time the breach is discovered or at the end of the period for which the warranty explicitly extends, whichever is earlier.

IX. Right to Cancel Purchase (Limitations of Warranties).

The Declarant shall provide a purchaser of a Unit with a copy of this Public Offering Statement and all amendments thereto before the execution of a contract for sale. Unless prior to the execution of a contract for sale, a purchaser acknowledges in writing receipt and review of such offering statement, the purchaser, upon written notice to the Declarant, may cancel the contract at any time prior to conveyance of the Unit, unless the purchaser shall, subsequently, expressly and in writing waive such right to cancel after having received and reviewed such offering statement. **ACCORDINGLY, PURCHASERS WILL BE REQUIRED TO ACKNOWLEDGE IN WRITING, BY SIGNING THE FORM ATTACHED AS EXHIBIT I, THE RECEIPT AND REVIEW OF THIS PUBLIC OFFERING STATEMENT.**

If the Purchaser elects to cancel, he or she may do so by hand delivering a notice thereof or by mailing the notice by prepaid United States mail to the Declarant. The cancellation shall be without penalty and any deposit made by the Purchaser shall be promptly refunded in its entirety.

Once a purchaser accepts the conveyance of a Unit, he may not cancel the contract.

X. Unsatisfied Judgments, Pending Legal Proceedings.

As of the date of delivery of this Statement, there are no judgments against the Association, nor is the Association a party to any pending litigation. The Declarant has no actual knowledge of any pending litigation that would be of any significance to the Condominium or the Property.

XI. Escrow of Deposits.

Any deposit made in connection with the purchase or reservation of a Unit from the Declarant shall be placed in escrow by Declarant and held either in this State in an account designated solely for that purpose by a licensed title insurance company, an attorney, a licensed real estate broker or an institution whose accounts are insured by a governmental agency or instrumentality until the deposit is: (1) delivered to the Declarant at closing; (2) delivered to the Declarant because of purchaser's default under a contract to purchase the unit; or (3) refunded to the purchaser.

XII. Restraints on Transfers.

Section 1604-102 of the Condominium Act prohibits the Declarant from offering any interest in a Unit until the Declarant has prepared and delivered to a Purchaser a current Public Offering Statement.

The Condominium Act further provides that no part of the Common Elements may be sold except in conjunction with the sale of an interest in a Unit; provided, however, the Act does permit the sale of Common Elements or portions thereof by the Association upon the required vote of the members. No conditions are placed on this right of the Association by the Declaration.

The Declaration imposes the following restrictions on use of an Owner's Unit.

(a) The Units (with the exception of any such Units during the time period when they are being used by the Declarant as a sample, model or sales office) are restricted to residential use.

(b) No Owner may obstruct the Common Elements in any way.

(c) No Owner may carry on any practice, or permit any practice to be carried on, which unreasonably interferes with the quiet enjoyment of the occupants of any other Unit. The Property is to be maintained in a clean and sanitary condition, and no Owner may place any garbage, trash or rubbish anywhere in the Property other than in his own Unit and in or on such parts of the Common Elements as may be designated for such purpose by the Executive Board.

(d) No Unit shall be used, occupied or kept in a manner which in any way increases the fire insurance premiums for the Property without the prior written permission of the Executive Board.

(e) No Owner of any Unit (other than the Declarant in connection with its marketing and sale of the Units) may erect any sign on or in his Unit or any Limited Common Element which is visible from outside his Unit or from the Common Elements without in each instance having obtained the prior written permission of the Executive Board.

(f) Pets shall be allowed in accordance with the Declaration and Rules and Regulations.

(g) The Executive Board may from time to time promulgate reasonable Rules and Regulations, not in conflict with the provisions of the Declaration, concerning the use and enjoyment of the Property. Copies of the then current Rules and Regulations and any amendments thereto shall be furnished to all Owners by the Association promptly after the adoption of such Rules and Regulations and any amendments thereto.

(h) Except as otherwise provided in the Declaration, no Unit shall be altered, remodeled or renovated unless such alteration, remodeling or renovation shall be approved in writing by a majority vote of the Executive Board of the Association. Any such approval shall identify the alteration, remodeling or

renovation to be done in reasonable detail and shall establish a budget therefor. All such alterations, remodeling or renovation shall be conducted by the Owner.

(i) No Owner shall cause any material to be furnished to his Unit or any labor to be performed therein or thereon except in the manner set forth in the Declaration.

The Declarant shall have the right to operate any Units owned by the Declarant as a rental project. An Owner, other than the Declarant, may sell or lease his or her Unit, however, the Executive Board may prescribe a form of lease or specific provisions.

The Rules and Regulations attached to this Statement as **Exhibit D** further restrict the Owners' use of the Common Elements and of the Units.

XIII. Insurance.

Article 16 of the Declaration sets forth the provisions concerning the types and amounts of insurance coverage to be provided by the Association. The Property will be insured by a policy of fire and property damage insurance in an amount equal to one hundred percent (100%) of the current replacement cost of the Condominium, including the individual Units, at the time the insurance is purchased and at each renewal date. The premium for this insurance will be paid by the Association. Each Owner will pay his share as part of his Assessment for Common Expenses. This policy will insure all physical improvements and fixtures within each Unit in existence on the date of closing. Personal property of the Owner will not be insured. It will be the individual responsibility of the Owners to insure their personal property and liability insurance to cover claims arising out of the use or ownership of their Units. Owners are advised to consult the Executive Board or the Managing Agent before purchasing their own insurance.

The Association will also carry a liability insurance policy on behalf of the Association and all Owners to insure them against liability arising out of the ownership or use of the Common Elements, worker's compensation insurance, directors and officers insurance, flood insurance, if applicable and available, covering anyone who either handles or is responsible for funds held or administered by the Association. The cost of maintaining each of such insurance policies and bonds shall be a Common Expense.

The liability policy will not insure Owners against liability arising from an accident or injury occurring within their Unit or from their own negligence.

Insurance proceeds under the fire and property damage insurance policy will be paid to the Association or an insurance trustee, if there is an insurance trust agreement in effect.

XIV. Fees on the Use of Common Elements; Financial Arrangements for Improvements.

There are no current or expected fees or charges to be paid by Owners for the use of Common Elements and other facilities related to the Condominium other than the assessments for management of the Condominium.

XV. Unusual and Material Circumstances, Features and Characteristics, Zoning and Land use Requirements Affecting the Condominium.

A. Pre-Construction Sales. The Declarant does not intend to sell Units on a pre-construction basis.

B. Zoning and Land Use Requirements. The Condominium is located in the Saco R-2 Medium Density Zoning District established by the Zoning Ordinance of the City of Saco.

XVI. Common Expense Assessments.

The projected Common Expense Assessments for each Unit are set forth in the annual budget, a copy of which is attached to this Statement as **Exhibit F**. The assessments do not vary seasonally but will change each year as the annual budget is approved by the Association.

XVII. Owner's Liability for Real Estate Taxes, Assessments and Other Charges.

By statute, a municipality must separately assess and tax individual Units with each Owner therefore liable only for real estate taxes, municipal assessments and other municipal charges against his or her own Unit, with no liability for such obligations against other Units. Payment of such taxes, assessments, and charges shall be included in the Common Expense Assessment unless the owner is charged a special Assessment or an Assessment for Limited Common Expenses as authorized by Article 14 of the Declaration. Collection of such taxes is done by the Association.

XVIII. Liens for Assessments and Other Claims.

All sums assessed by the Association constitute the personal liability only of the Owner thereby assessed. The Condominium Act provides a lien process by which the Association can perfect liens for the non-payment of assessments and foreclose them through a judicial proceeding. That liability constitutes a lien only against that Owner's Unit.

In addition, other liens such as judgment liens against the Association run against the Units and not the common elements. No other property of an Owner is subject to a lien of a judgment creditor of the Association.

XIV. Development Rights Reserved by the Declarant.

In addition to the easement rights reserved in Article 8 of the Declaration, the Declarant reserves to itself and for the benefit of its successors and assigns the right until the construction, marketing and sale of all Units are completed to:

(a) connect with and make use of utility lines, wires, pipes and conduits located on the Property for construction and sales purposes, provided that the Declarant shall be responsible for the cost of services so used;

(b) use the Common Elements for ingress and egress, for the repair and construction of Units and Common Elements including the movement and temporary storage of construction materials and equipment, and for the installation of signs and lighting for sales and promotional purposes;

(c) exercise any and all development rights as are now allowed or in the future may be allowed by the Condominium Act;

(d) complete all contemplated improvements on the Plats and Plans;

(e) relocate any improvements shown on the Plats and Plans and construct additional Common Element improvements;

- (f) maintain models and a sales office;
- (g) exercise the easements reserved to it in the Declaration;
- (h) appoint or remove any officer or Executive Board member during any period of Declarant control of the Association set forth in Article 10 of the Declaration; and
- (i) exercise any other Special Declarant Rights as are now allowed or in the future may be allowed by the Condominium Act.

The exercise of any Development Rights shall be in accordance with and governed by the provisions of the Condominium Act, including Section 1602-110.

Any Limited Common Elements created pursuant to any Development Right reserved will be of the same general types and sizes as the Limited Common Elements within other parts of the Condominium.

The proportion of Limited Common Elements to Units created pursuant to any Development Right reserved by the Declarant are intended to be approximately equal to the proportion existing within other parts of the condominium.

All restrictions in the Declaration affecting use, occupancy, and alienation of Units will apply to any Units of the same type created pursuant to any Development Right reserved by the Declarant.

The assurances made in this section do not apply in the event that any Development Right is not exercised by the Declarant.

XX. The Owners Association.

The Condominium Act provides for the self-governing of the Condominium by an Owners Association, in this instance called "Winfield Commons Condominium Association."

The Association is organized as a non-profit condominium corporation under Maine law. The ByLaws provide that the powers and responsibilities of the Association are delegated to the Condominium's Executive Board, some of which in turn may be sub-delegated to the Managing Agent. The Executive Board has the power and responsibility in administering the Condominium to, among other things:

- (a) Prepare the annual budget;
- (b) Make and collect assessments against the Owners for Common Expenses;
- (c) Provide for the upkeep, maintenance and care of Common Elements;
- (d) Designate, hire and dismiss the personnel necessary for the maintenance of the Condominium;
- (e) Make rules and regulations concerning the use of the Condominium;
- (f) Establish a bank account on behalf of the Association;
- (g) Make alterations to the Condominium;
- (h) Enforce by legal means the provisions of the Condominium instruments;

- (i) Obtain necessary insurance;
- (j) Pay the cost of services rendered to the Condominium; and
- (k) Keep the books of account of the Condominium;

The Declaration describes the makeup of the Executive Board of the Association. The Executive Board consists of three (3) members elected by Owners, except that the Declarant will initially appoint the members of the Executive Board in accord with Article 12 of the Declaration.

Not later than the earlier of (i) 60 days after the conveyance by the Declarant to Owners other than the Declarant of seventy-five percent (75%) of the Units, including any additional Units which may be added to the Condominium, or (ii) seven (7) years following conveyance of the first Unit to an Owner other than the Declarant, all members of the Executive Board appointed by the Declarant shall resign and the Owners (including the Declarant to the extent of Units owned by the Declarant) shall elect new members of the Executive Board in accordance with the By-Laws of the Association.

NO PERSON HAS BEEN AUTHORIZED BY THE DECLARANT TO MAKE ANY STATEMENT, REPRESENTATION OR WARRANTY NOT SPECIFICALLY CONTAINED HEREIN; AND NOTHING IN THIS PUBLIC OFFERING STATEMENT MAY BE CHANGED OR MODIFIED ORALLY.

ANY INFORMATION OR DATA ABOUT THE CONDOMINIUM WHICH IS NOT INCLUDED IN THIS PUBLIC OFFERING STATEMENT SHOULD NOT AND MUST NOT BE RELIED UPON.

IN WITNESS WHEREOF, NORTH STREET DEVELOPMENT, LLC has caused this instrument to be sealed with its company seal and signed in its company name by _____, its _____, thereunto duly authorized, this _____ day of the month of November 2005.

SIGNED, SEALED AND DELIVERED
In the presence of:

NORTH STREET DEVELOPMENT, LLC

By _____
Name:
Its:

RULES AND REGULATIONS

WINFIELD COMMONS 236 North Street, Saco, Maine

Winfield Commons (the "**Condominium**") is a private condominium located at 236 North Street, Saco, Maine, consisting of Thirteen (13) condominium units. The Condominium takes pride in being a quiet, safe and enjoyable place to live, where maintenance of facilities and grounds is a high priority and where the concept of condominium ownership works well.

By virtue of the original Condominium Declaration and organizational By-Laws, the Condominium is a self-managing association with authority for governance vested in an elected Executive Board of the **Winfield Commons Condominium Association** (the "**Association**"). All owners are subject to common rules, regulations and standards of behavior. They are responsible for sharing in the policy, fiscal, and managerial decisions that are necessary to insure that the Condominium remains a desirable community in which to live.

As with any community, rules and regulations are necessary to insure the peaceful and orderly use and enjoyment of the buildings and common areas. The Rules and Regulations are the Condominium's means to that end and focus on the permissible uses of the Condominium property. They are both general and specific and are based on condominium law; and on preferences established by the original developers and the subsequent owners of the Condominium.

In order to appreciate these rules, a Condominium owner must first:

- *Understand and support* condominium living for what it is and for what it is not. Owning a condominium and living in a condominium community offers an advantageous lifestyle. However, you must share a great deal (property and decisions) with others. Condominiums are not the same as apartments where you have a landlord to respond to all of your needs. It is also not like owning a single-family home with your own backyard where you are the sole decision-maker about maintenance and the use of your property.
- *Recognize that in a condominium community*, beyond the limits of one's interior space, one's personal preferences cannot be allowed to take precedence over the interests and needs of the group of owners at large.
- *Recognize*, that as a condominium owner, you have an obligation to participate in the activities of the community. This means caring about the common areas, volunteering for workdays, working on special committees, serving on the Board, and meeting your financial obligations.

- *Recognize*, that no Condominium owner is exempt from the rules and regulations of the Condominium community.

As provided in the By-Laws and in order to assure the safe and peaceful use of the Condominium's facilities, the following Rules and Regulations have been adopted by the Executive Board. To the extent that these Rules and Regulations do not make reference to a particular circumstance or action, it should be assumed by all that such circumstances and actions are not permitted anywhere at the Condominium without the specific approval of the Executive Board.

The Association shall be responsible for the payment of all Common Expenses and the members shall be individually responsible for the payment of all Unit Expenses for the unit owned by each respective member as such expenses are herein defined. The definitions of Common Expenses and Unit Expenses below are for administrative purposes only and shall not be meant to alter or change the legal definition of the Units, Common Areas or Limited common Areas as set forth in the Declaration.

1. **Common Expenses.** The Association shall be responsible for the payment of all common expenses which shall include, without limitation, any expenses for the maintenance, repair, renovation, alteration, improvement or replacement of the following:

(a) Grounds. The land, lawns, trees, any forested areas, signage, parking spaces as identified on the Plats and Plans, any common facilities or storage buildings, and any private roads or driveways as shown on the Plats and Plans.

(b) Systems & Utilities. Sewer Pump Station, if any, and Sanitary sewer to each unit, if any, electric distribution to each unit meter, water distribution to each unit master valve, storm and unit drainage system, water lines servicing more than one unit (in foundation, basement, and exterior walls), sewer lines up to unit outlet (in foundation, basement, and exterior walls), electrical wiring from meter and serving more than one unit (in foundation and exterior walls), master electrical panel, laundry piping and valves, life safety equipment (excluding smoke detectors).

(c) Interior Structure & Fixtures. Interior sub flooring (sub floor sheathing and wood, and sub floor concrete); and

(d) Exterior Structure & Fixtures. Roofing (all roof framing and covering), chimneys and flues, exterior walls (framing, insulation, sheathing, and clapboards, including unit party walls), studs, joists, any load bearing portions of the buildings, shutters, attic structural elements (framing, floor, and insulation), foundation walls, all floor slabs, garage slab floors, if any, exterior foundation drains, interior foundation drains, front and rear steps and railings, sun rooms (roofing, walls, foundation, if any), and dormers (roofing and walls, if any, but excluding new dormer construction).

(e) Other. All other parts of the property necessary or convenient to its existence, maintenance and safety or normally in common use, except as otherwise expressly provided.

2. **Unit Expenses.** Common expenses shall not include Unit Expenses. Each member shall be individually responsible for the payment of all Unit Expenses for the unit owned by each respective member, which shall include, without limitation, any expenses in connection with the maintenance, repair, renovation, alteration, improvement or replacement of the following:

(a) Systems & Utilities. Pipes, lines, cables and wires serving one individual unit including all valves, junction boxes and any other related components; i.e. water lines inside of unit master valve located in both interior and exterior walls and in floors; sewer lines inside of unit outlet located in both interior walls and exterior walls and in floors; electrical wiring inside of electric meter, located in both interior and exterior walls and ceilings and in floors; master electric circuit breaker; interior television cable including incoming service terminal; interior telephone lines including incoming service terminal; heating units, oil tanks and fuel, furnaces, propane tanks and fuel, and related pipes and fixtures serving an individual unit; internal water shutoff valves; smoke detectors; security alarms; unit dryer venting systems including piping and vents; kitchen exhaust fans; and bathroom exhaust fans;

(b) Interior Structure & Fixtures. Sheetrock on all *interior* walls; framing, and insulation; interior first floor sub-floor sheathing; interior upper floor sub floor sheathing; stair framing for any stair units; interior moldings and trim; interior doors; stair trim; wall and ceiling coverings (paint, wallpaper, furring, gypsum board and other finishing surfaces); floor coverings (carpeting and other finished flooring material including padding and additional sub-flooring); stair coverings; kitchen cabinets; built-in cabinets or fixtures; bathroom fixtures (tub, shower unit, sink, vanity and toilets); and light fixtures.

(c) Exterior Structure & Fixtures. Exterior unit doors (front, kitchen, garage, and patio doors); storm/screen doors; window and door glass; window, door and skylight frames, screens, thresholds and sills; decks (all components); building mounted light fixtures; sun room doors and windows; dormer windows; and individual mailboxes.

(d) The unit owner is liable for all damages to the common elements of the building and to damage to personal property of other unit owners caused by failure to properly maintain the above systems, utilities, structures and fixtures which are the unit owner's responsibility.

3. **Right To Peaceful Enjoyment By All Unit Owners.**

No unit owner shall undertake or permit activities or noise inside a building or in a limited common or common area of the Condominium that interferes with the rights, comfort, security and convenience of other unit owners. This includes actions and noise by the unit owner, family members, visitors and tenants.

4. **Guests.**

(a) While visiting the Condominium, guests of unit owners shall abide by all aspects of these Rules and Regulations.

(b) Unit owners are responsible for making their guests aware of these Rules and Regulations and assuring their compliance.

5. Board Approval and Notification.

(a) Except as otherwise allowed by the Declaration for minor alterations or renovations, all unit owners are required to obtain written approval by the Executive Board before undertaking any project involving additions (temporary or permanent), and alterations to their unit's interior, the limited common areas attached to their unit, and the structure of which their unit is a part. The Board shall grant approvals based on a review of a *written, detailed* proposal submitted by the unit owner and, possibly, inspection of the property and/or additional discussion with the unit owner. Owners will be notified of the Board's decision within ten days after the scheduled Board meeting following submission of the written proposal and all required information.

(b) All unit owners are required to notify the Executive Board, in advance, of significant maintenance/replacement, upgrading projects being undertaken inside their unit and not involving structural change, doors, windows, skylights, etc. Such work includes but is not limited to: adding a security system, finishing a basement, finishing an upstairs area into a bedroom, changes in flooring, replacement of bathroom/kitchen fixtures and cabinetry. The Association needs to know for insurance purposes. Aspects of the project may require compliance with Board specifications.

(c) Unit owners who take such actions without Board approval may be required, at their expense, to remove all unapproved changes and restore the building, common area or limited common area etc. to its original condition.

6. Alterations and Improvements Requiring Advance Written Board Approval And/Or Compliance With Board Approved Specifications, subject to the terms of the Declaration.

(a) Any alteration or improvement to a unit, to a limited common area or a common area which involves a change in structural integrity.

(b) Replacement of existing exterior doors, windows, sliding patio doors, skylights, light fixtures. These products must be approved for use at the Condominium.

(c) Replacement or addition of a Storm/Screen Door on front entrance. This must be the door approved for use at the Condominium.

(d) Installation of a new Roof Skylight.

(e) Installation of a dormer or modification to an existing dormer.

(f) Installation of a door or window in a place where one does not currently exist.

(g) Any modification or improvement to a deck or patio. All deck or patio modifications must comply with the Condominium's Deck Specifications, if any.

(h) The installation of a temporary or semi-permanent screen room or awning on any part of a deck. Such additions are allowed but must be approved for use at The Condominium.

- (i) Any modifications to foundations or chimneys.
- (j) Any installation or modification of exterior mounted equipment, ducts, louvers, vents, etc.
- (k) Removal or replacement of any plant or tree located in a common area.
- (l) Addition, removal or enlargement of any garden space within a common area.
- (m) Telephone wire or cable TV wire installations that require disruption of paved or lawn surfaces, drilling of new holes in buildings or running of cables/wires on exterior of buildings.
- (n) Where necessary, the Board shall grant its approval based on a review of a *written, detailed* proposal submitted by the unit owner and, possibly, inspection of the property and/or additional discussion with the unit owner. Owners will be notified of the Board's decision within ten days after the scheduled Board meeting following submission of the written proposal and all required information.
- (o) Unit owners who take actions without required Board approval or use products not approved for use at The Condominium will be required, at their expense, to remove all unapproved changes or additions and restore the building, common area or limited common area etc. to its original condition.

7. Additions to Structures.

- (a) Subject to the terms of the Declaration and any rights reserved by the Declarant thereunder, the existing footprint (the foundation perimeter) of building(s) at the Condominium cannot be enlarged, reduced or changed in any manner.
- (b) No unit owner is allowed to build an additional structure of any kind, regardless of whether it is independent of or connected to a residential unit, garage or deck.

8. Outside Contractors.

- (a) All contractors and tradesmen employed or engaged by a unit owner to perform work in and around the Condominium structures are required to provide proof of adequate liability insurance and Worker's Compensation Insurance as required by Maine State Law. Insurance certificates shall be provided to the homeowner and, upon request, to the Board prior to commencement of work. Insurance certificates provided by contractors shall specifically name the unit owner and the Association as additional insured.
- (b) Any electrical, plumbing, and heating work done in a unit must be performed by experienced, reputable tradesmen licensed and certified to perform such work in the State of Maine.

(c) The Association may require any outside contractor engaged by a unit owner to execute and deliver to the Association a mechanics lien waiver in connection with any work performed by such contractor hereunder.

9. Pets.

(a) Two (2) Household Pets per Unit are allowed without the consent of the Executive Board. Unit owners are responsible for the behavior of their pets or their guest's pets and are liable for any property damage, personal injury or disturbance that such animals may cause. The Association shall have the right to assess the unit owner for reimbursement of related expenses and to lien the owner's property in the event of non-payment.

(b) All pets must be licensed and inoculated as required by law, and owners must comply with City of Westbrook ordinances regulating pets. The Condominium reserves the right to notify the Animal Control Officer if a pet owner fails to do so.

(c) No pet is allowed outside of its unit except on a leash and under the control of a responsible person.

(d) Owners are responsible for the daily removal of pet wastes from lawn or roadway common areas.

(e) Damage to common area lawns inflicted by excessive animal use or by a concentration of animal urine and other wastes may be repaired by the Association. The Association shall have the right to assess the unit owner for reimbursement of repair expense and to lien the owner's property in the event of non-payment.

(f) No animal shall be permitted to bark, meow, or make other noises as to disturb neighbor's rest or peaceful enjoyment of their unit or the common area.

(g) Unless otherwise authorized by the Executive Board, no animal may be tied or leashed outside the unit at any time, exterior pet runs of any type are not allowed at the Condominium.

(h) The Association shall have the power, if necessary, to further regulate the keeping of pets and animals including, without limitation, the express power to regulate the number of pets (excepting, however, that each owner shall always be permitted to keep a minimum of two (2) household pets), size, and specie, to establish additional behavior requirements or rules regarding the restraint or leashing of animals, and to expel any offending animals from the Condominium. Without limiting the foregoing the following breeds of dogs are prohibited and may not be kept as pets by any owner within the Condominium: (i) Pit Bull; (ii) Rottweiler; (iii) German Shepherd; (iv) Husky; (v) Alaskan Malamute; (vi) Doberman Pinscher; (vii) Chow; (viii) Great Dane; (ix) Saint Bernard; (x) Akita; (xi) Dalmatian; (xii) Wolf Hybrid or any mix of the above.

10. Children.

(a) There is no common area at the Condominium designated exclusively as a play area for the use of children but reasonable play activities by children are welcome, preferably on lawns in the rear of their building.

(b) Permanently installed exterior play equipment is not allowed at the Condominium.

(c) Temporary, moveable exterior play equipment (swing sets, slides, playhouses, pools, etc.) is permitted but must be stored inside when not in use.

(d) Toys, bicycles, wagons, etc. are to be stored inside when not in use.

(e) The activities of children shall be under the control of a responsible person at all times.

(f) No play activity at a noise level which prevents other residents from the quiet and peaceful enjoyment of their home is permitted.

11. Driveway and Parking Control.

(a) Although the Condominium's driveway and parking areas are private, all accepted and legal rules of the road apply to drivers and pedestrians.

(b) Parking is allowed on the south side of the Condominium access road, from the entry up to the area of the detention pond. Parking is otherwise prohibited on the access drive of the Condominium, including the circle.

12. Garages.

(a) Garages are for the storage of legally registered vehicles and moderate amounts of personal property.

(b) Garages should be kept in an orderly and safe condition. It is the unit owner's responsibility to insure that no potential fire or safety hazard exists in this area.

(c) Garage space cannot be altered in any way and is not to be used for any living or business activity.

(d) No automobile repair or maintenance (oil changes, engine overhaul, body work) is allowed in a garage or anywhere on the Condominium property.

(e) Garage doors should be kept closed as much as is practical in order to maintain the good appearance of the area.

(f) Maintenance and replacement of electric garage door openers is the responsibility of the unit owner.

13. Automobile, SUV, Van, Pickup Parking.

(a) All unit owners should maintain sufficient space in their parking area to park their primary vehicle. The driveway in front of the garage building is not to be used for the long-term parking of any additional vehicle of any owner and/or tenant and their guests.

(b) Parking or driving of recreational motorized vehicles on lawns is prohibited.

(c) Additional automobile parking is available at the Condominium. These areas are on a first come first serve basis. There is no exclusive right to their use.

(d) Only legally registered and fully operable vehicles shall be parked in any of the Condominium's parking areas.

(e) Recreational vehicles, boats, campers, trailers, etc. shall not be left in a driveway or automobile parking area on an extended basis without the consent of the Board.

(f) No vehicle repair or maintenance of any kind is allowed in any area at the Condominium.

(g) All vehicles on the premises of the Condominium are there at the owner's risk and the Association is not responsible for damages.

14. Recreational Equipment (RV's, Camper Trailers, Boats, Equipment Trailers).

(a) The Condominium has no area designated for the parking of wheeled recreational equipment and large vehicles. Parking or driving of such vehicles on within the Condominium is prohibited.

15. Stormy Weather.

(a) The Board and the snow removal contractor make every effort to insure that snow is cleared from paved areas and common sidewalks as quickly as possible. Despite these efforts, there will be times that these areas may be temporarily impassable. Removal of snow and ice from individual unit walkways is the responsibility of the Association, unless otherwise determined by the Association. The Association shall have the right (without any affirmative obligation), as necessary for maintenance purposes to prevent any damaging accumulations of snow or ice, to remove snow and ice from decks and patios.

(b) All owners/tenants should be alert to pending weather conditions and to take all necessary precautions to deal with the possibility of power outages, flooding, extreme cold, icing conditions, and heavy precipitation (rain, snow and/or sleet) which could cause damage to personal and common property.

(c) In the event of high winds, all personal property shall be secured or placed indoors. This is the responsibility of the unit owner/tenant.

(d) Installation of a generator or other auxiliary emergency heating/power devices requires the prior approval of the Board. Installation must be done by a contractor who is licensed under Maine law. The contractor must provide proof of adequate insurance as required above.

(e) During winter months, the unit owner is responsible for closing any interior shut-off valves for all outside faucets; clearing snow away from air intake/exhaust fittings; clearing snow away from dryer vents if close to the ground; clearing snow away from sliding glass doors and basement bulkhead doors; **and insuring that sufficient heat is on during winter months to prevent pipe freezing and damage to your unit or others.** The unit owner is liable for building damages, damage to personal property, and damage to heating equipment caused by the failure to do the above.

(f) Unit owners who are away for extended periods of time, particularly in winter, either on vacation, work related travel or because of seasonal use of their condominium, are responsible for arranging with a neighbor, friend or contractor to have their unit checked periodically to insure that all systems are operable and no storm or cold weather damage has occurred. It is essential that a member of the Board be notified of who has this responsibility and who has access to the unit.

16. Household Trash.

(a) Garbage and household trash shall be kept in closed containers inside the owner's unit or in such other area designated by the Board. Containers should be placed at the foot of the driveway on the day(s) designated for collection. Empty trash containers should be returned to such storage areas as soon as possible.

(b) Owners/tenants are responsible for insuring that accumulated trash does not create a nuisance in regards to odor, cleanliness, bug infestation, or neatness.

(c) Trash removal services for the Condominium are only for the removal routine household trash. Larger items are the responsibility of the owner/tenant and should be disposed of in accordance with the City of Saco ordinances and practices.

17. Video Antennas and Satellite Dishes.

(a) Video antennas and satellite dishes are not to be installed on any common area, including but not limited to roofs and exterior walls.

(b) Video antennas and satellite dishes can be installed in limited common areas if the Owner has exclusive use of the area and safety is not compromised by the installation. The video antenna and satellite dish must be installed wholly within the exclusive use area.

(c) A video antenna and satellite dish that extends beyond the area of exclusive use is considered to be in a common area and installation is not permitted without the prior approval of the Executive Board.

(d) Only satellite dishes that are less than one meter (39.37") in diameter are permitted to be installed at the Condominium.

(e) Installation of video antennas and satellite dishes shall be in compliance with local and state law.

18. Air Conditioners.

(a) Unit owners may install window-mounted air-conditioners, provided that no owner may install more than two (2) such air conditioners without Executive Board approval.

(b) Window air conditioners shall be installed in a rear or side window, not in the front of the building.

(c) If the operation of an air conditioner disturbs any neighbors, the Board retains the authority to require its removal.

(d) The air conditioner may remain in place from April through November and must be removed during the winter months.

(e) The unit owner shall be responsible for any damages to the building occurring from the installation, removal, or operation of the air conditioner.

19. General Hazards and Liability of Unit Owners.

(a) Nothing shall be done, kept in any unit or in any part of the Common or Limited Common Areas which will cause an increase in the insurance premium for the property without the prior written consent of the Executive Board. No unit owner shall permit anything to be done, kept in the unit or in the limited common or common areas which will result in the cancellation of insurance on the property, any part thereof or that is in violation of any law, regulation, or administrative ruling.

(b) Unit owners shall be liable for the expense of maintenance, repair or replacement of any damage to the common or limited common areas or to another unit caused by such unit owner's act, neglect, or carelessness or that of their guests, contractors, agents, lessees, or pets. Such liability shall include any increase in insurance premiums or assessments occasioned by any act, neglect, carelessness or the misuse of a unit.

20. Hazardous Materials.

(a) It is strongly recommended that unit owners, tenants or guests not possess or store hazardous household, gardening, and commercial substances anywhere at the Condominium. In such cases, however, unit owners are responsible for appropriate and lawful storage, safekeeping and disposal.

(b) Owners are encouraged to dispose of all hazardous cleaning materials, paints, fertilizers and vegetation killers when their usefulness ends.

(c) Hazardous materials (including those listed above) must be disposed of by legal means at a legal disposal site and, if necessary, by trained personnel.

(d) Spills of fuel oil, kerosene, other hazardous or polluting substances inside a unit, or on any common or limited common area (paved or otherwise) shall be reported immediately to the Executive Board.

(e) All removal, remediation and restoration costs associated with a hazardous material spill caused by a unit owner, tenant, guest, employee, hired contractor or other representative shall be the responsibility of the unit owner.

21. Heating Equipment and Chimneys.

(a) Unit owners are responsible for insuring that individual furnaces and other heating devices are in the proper condition to provide sufficient heat through the winter months.

(b) Unit owners with individual unit Monitor or similar kerosene heaters should be aware that if snow blocks the air intake / exhaust fitting (usually located at front of unit) or this fitting is damaged, the heater will cease to operate. The unit owner is responsible for keeping snow away from this fitting and insuring that it is not damaged.

22. Woods and Lawns.

(a) All lawns and vegetated areas at the Condominium are common areas and under the control of the Association.

(b) Existing trees within lawn areas cannot be pruned, removed or replaced or new ones added without permission of the Association.

(c) All personal property (equipment, games, toys, furniture, etc.) should be removed from a lawn or vegetated area after its use and stored in a garage or the unit.

(d) No temporary, semi-permanent or permanent structures (tents, play equipment, screen rooms, etc.) are allowed on any common area.

(e) Lawn maintenance by anyone other than the Association's landscapers is prohibited, unless otherwise approved by the Executive Board.

23. Ornamental Landscaping.

(a) Any garden beds in the front of a building and any shrubs contained in them are common area and under control of the Association.

(b) Existing plants cannot be removed or replaced or new ones added without permission of the Association.

(c) Window boxes and planters of any type shall not be placed in the front or side of any building.

(d) The Association is not responsible for replacing any personal plantings removed by the Seller of a unit from the ornamental planting area in front of or on the side of each unit. These items are to be considered part of the personal property of a unit (non-permanent items) and are subject to Buyer /Seller negotiations and the terms of the Purchase and Sale Contract.

24. Personal Gardens.

(a) Flower boxes, pots, and other plant containers are limited to decks, patios, or deck railings.

(b) Personal gardens and plantings are allowed with the approval of the Executive Board.

(c) Approved personal gardens are the sole responsibility of the unit owner and/or tenant. The unit owner shall assume all expense for plantings and continued maintenance.

(d) If any unit is sold where a personal garden has been established by an owner or tenant, it will be the *unit seller's* responsibility to restore the bed to its original grassy area or to leave funds in escrow at closing for the Association to restore the area. The only exception to this would be if the *unit purchaser* notifies the Association in writing that he/she would continue to maintain the garden bed.

(e) The Association is not responsible for replacing any personal plantings removed by the Seller of a unit from their personal garden area. These items are to be considered part of the personal property of a unit (non-permanent items) and are subject to Buyer /Seller negotiations and the terms of the Purchase and Sale Contract.

25. Exterior Decorations.

(a) Tasteful holiday decorations are allowed on the exterior of units, and must be of a size and style compatible to the Condominium's building decor. Simple lighting can be strung on bushes in front of a Unit. No lighted decorations can be attached to the building. No large freestanding decorations are allowed. Lighted candles or similar seasonal items may be displayed in windows. All wreaths and decorations must be removed at the end of the holiday season.

26. Decks, Patios and Privacy Fences.

(a) Decks, patios and porches ("decks") are designated limited common areas for the specific use of the unit owner/tenant. The land on which a deck sits is common area of the Association and under the control of the Association.

(b) Decks at the Condominium are to remain decks and shall not be walled in, roofed over or in any way turned into a building of any kind.

(c) Repairs or modification to a deck (including enlargement) requires compliance with the Condominium's Deck Specifications, if any, and advance approval of specific plans by the Executive Board.

(d) Unit owners/tenants are responsible for regularly clearing their decks of snow to prevent damage to the deck and to the adjoining building structure.

(e) Decks shall not be considered additional storage space for the unit owner's personal property.

(f) Decks and the personal property used in the enjoyment of the deck shall be kept in a neat and orderly condition at all times.

(g) Hot tubs or any similar devices are not allowed on any common or limited common area.

(h) The Association may adopt Deck Specifications for the condominium to provide for additional rules and regulations concerning decks.

27. Mailboxes.

(a) The Condominium has on common mailbox for the use of all Owners. Private mailboxes are not allowed.

28. Signs.

(a) Subject to the terms of the Declaration, no business, political or personal signs of any type are allowed on the grounds, attached to any part of a building, or in any window at the Condominium, except as approved by the Executive Board.

29. Tag Sales.

(a) No unit owner shall hold a garage (tag) sale or outside sale of any kind without the approval of the Executive Board.

30. Solicitation.

(a) There shall be no solicitation by any person anywhere for any cause, charity, or any purpose whatsoever without the knowledge and permission of the Executive Board.

31. Information and Emergency Contact.

(a) Information related to any changes in occupancy (rental or seasonal) or unit ownership, changes in mortgage holders, changes in insurance policies or agents, and significant interior alterations shall be reported promptly to the Board. Such information shall also be furnished when specifically requested by the Board.

(b) All unit owners shall provide to the Board, upon request or on an annual basis, the name, address and phone numbers of all persons who have emergency access to the unit.

(c) Unit owners who are away for extended periods of time, either on vacation or because of seasonal use of their condominium unit, are responsible for arranging with a neighbor, friend or contractor to have their unit checked periodically to insure that all systems

are operable and no damage has occurred. It is essential that a member of the Board be notified as to the person(s) who have this responsibility and who has access to the unit.

32. Insurance.

(a) Each condominium owner and tenant is responsible for obtaining insurance coverage for personal property and liability.

(b) Many insurance companies doing business in Maine offer specific policies for condominium owners and renters. Unit owners and renters should consult with their insurance agent to design a policy to meet their needs.

(c) A typical condominium policy may include coverage for:

- Building Property: items of real property which pertain directly to your unit and may include alterations and permanent installations.
- Personal Property: items owned by the insured and structures not permanently attached to the unit.
- Personal liability: covers claims brought against the insured for damages because of bodily injury or property damage.

(d) The Condominium maintains a master policy to cover losses sustained in common areas and structural systems. If you suffer a loss that you believe should be claimed against the Association policy, you should do so through a member of the Condominium Executive Board. The insurer providing coverage at the time of the claim will make any determination of coverage under the policy.

33. Access to Units For Repair and Emergency.

(a) The Association has the irrevocable right, to be exercised by the Executive Board, to enter a unit from time to time during reasonable hours as may be necessary for the inspection, maintenance or replacement of any of the common or limited common areas, facilities or systems therein or accessible therefrom.

(b) The Association has the irrevocable right, to be exercised by the Executive Board, whenever deemed necessary and regardless of whether the owner is present or not, to enter a unit for the emergency inspection and repair therein necessary to prevent damage to the common areas, facilities and systems or to another unit or units.

(c) In order to facilitate entry in the case of an emergency or absence, the unit owner, if required by the Board, shall provide a working key to the dwelling to a neighbor or to a Board member.

34. Short-Term or Long-Term Rental of Condominium Units.

(a) Unit owners who wish to rent their property must use a standard lease form, approved by the Executive Board, and must require tenants to show proof of contents insurance.

(b) Unit owners must not suspend their own condominium owner's insurance policy during the period of rental.

(c) Unit owners who rent their property to another for any period of time must obtain a written acknowledgment from the tenant that they have been given a copy of the Condominium's Rules and Regulations and that they will abide by them during the period of their residence. A copy of this statement must be given to the Executive Board prior to occupancy.

(d) Regardless of the terms of rental, the timely payment of unit monthly fees and special assessments during the rental period remains the responsibility of the unit owner. In the event of non-payment, regardless of who should be making payments, the unit owner is ultimately responsible and will be assessed late charges and is subject to liens and other collection expense.

35. Procedures.

(a) Emergencies (i.e. structural, plumbing, hazardous spills, life safety matters) shall be communicated to a Board member immediately.

(b) Work requests, suggestions or complaints to the Board shall be submitted in writing. Requests for hearings on any issue shall be submitted in the same manner.

(c) Any personal or phone contact with a Board member shall only be made during reasonable hours of the day.

(d) A group of unit owners seeking to make a joint work request, suggestion or complaint shall designate a spokesperson for communications with the Board.

36. Violations of Rules and Policies Including Financial Obligations.

(a) When a violation of a Rule or Regulation occurs or when a financial obligation is not met in accordance with policy, a written warning shall be delivered to the unit owner stating the complaint, the appropriate rule and the penalty or assessment of expense, if applicable.

(b) In cases of repeated complaints and/or lack of payment following the warning letter, a fine or additional penalty may be imposed.

(c) Any unit owner has the right to appeal a Board decision in writing to the Executive Board and to request a hearing before the Board.

(d) All unit owners must understand that assessments and penalties related to non-compliance with rules and regulations, expenses for which an owner is liable, and unpaid

financial obligations *may become a lien against the violating Owner's Unit* if not satisfied in a reasonable period of time.

The Executive Board welcomes constructive input and involvement from any unit owner. In bringing issues to the Board, unit owners are reminded that the Condominium is a community and its elected Board is made up of neighbors who are serving as volunteers and whose objective is the Condominium's best interest. Differences of opinion are inevitable in any community. Resolution of conflict begins with mutual respect and understanding and ends with effective decision-making.

The Executive Board of the Condominium promulgated the preceding Rules and Regulations for the safety, well-being and convenience of all unit owners. The Board has the responsibility, under the Declaration, for the efficient administration of Condominium affairs and it is, indeed, their duty and authority to interpret and enforce the Condominium Declaration, By-Laws and Rules and Regulations.

These Rules and Regulations were unanimously approved by the Executive Board at a special meeting on the _____ day of November 2005.

**DECLARATION OF CONDOMINIUM
WINFIELD COMMONS
North Street, Saco, Maine**

ARTICLE 1

SUBMISSION

Section 1.1. Submission of Property. **North Street Development, LLC** ("Declarant"), owner in fee simple of the land described in **Exhibit A** annexed hereto, located within the City of Saco, York County, Maine (the "**Land**"), hereby submits the Land, together with all improvements, easements, rights and appurtenances thereunto belonging (the "**Property**") to the provisions of Chapter 31 of Title 33 of the Maine Revised Statutes Annotated, as amended, known as the Maine Condominium Act ("**Condominium Act**" or "**Act**") and hereby creates with respect to the Property a condominium, to be known as "**Winfield Commons**" (the "**Condominium**"). The Property is also shown on the following plats and plans: (i) the plan recorded on _____, in the York County Registry of Deeds in Plan Book _____, Page _____, identified as follows: "_____ Saco, Maine, Condominium Plan," dated _____ (the "**Plat**"); and (ii) on the plan recorded on _____, in the York County Registry of Deeds in Plan Book _____, Page _____, identified as follows: "_____ Saco, Maine, Horizontal and Vertical Boundaries, dated _____; (the "**Plan**" or collectively the "**Plans**" or "**Plats and Plans**"). Reference is also made to the subdivision plan identified as Subdivision Plan, Winfield Commons, North Street, Saco, Maine," dated _____, and recorded on _____, in the York County Registry of Deeds in Plan Book _____, Page _____ (the "**Subdivision Plan**").

Section 1.2. Name and Address of Condominium. The name of the Condominium shall be "Winfield Commons" The address of the Condominium is North Street, Saco, Maine 04072. The name of the unit owners association is the "**Winfield Commons Condominium Association**" (the "Association") and its address is North Street, Saco, Maine 04072.

Section 1.3. Description of Condominium Development. Initially, the Condominium consists of the Land described in the attached **Exhibit A** and consisting of sixteen (16) units identified as Units 1-16 inclusive on the Plats and Plans.

ARTICLE 2

DEFINITIONS

Section 2.1. Terms Defined in the Act. Capitalized terms are defined herein or in the Plats and Plans, otherwise they shall have the meanings specified or used in the Condominium Act. In the case of conflict between the meanings specified or used in the Act, those meanings specified or used in the Condominium Act shall control.

Section 2.2. Terms Specifically Defined in this Declaration. In addition to the terms hereinabove defined, the following terms shall have the following meanings in this Declaration, the Bylaws, and Plats and Plans:

- (a) "**Additional Units**" means the Units, if any, which may be added by the Declarant to the Condominium in accordance with Section 10.2 of this Declaration.
- (b) "**Assessment**" means the Owner's share of the anticipated Common Expenses, allocated

by Percentage Interest, for the Association's fiscal year as reflected in the budget adopted by the Executive Board for such year.

(c) "Association" means the Homeowners Association of the Condominium, which is known as the **Winfield Commons Condominium Association**.

(d) "Buildings" (or in the singular, a "Building") means any residential, commercial, service or recreational structure or other improvement now or hereafter constructed on the Property.

(e) "Bylaws" means the document having that name and providing for the governance of the Association, pursuant to Section 1603-106 of the Condominium Act, as such document may be amended from time to time.

(f) "Common Elements" (or in the singular, a "Common Element") means those parts of the Property other than the Units as described either in the Condominium Act as being Common Elements or described herein as being Common Elements.

(g) "Common Expenses" means expenditures made by or financial liabilities of the Association together with any allocations to reserves.

(h) "Condominium" means the Condominium described in Section 1.1 above.

(i) "Condominium Documents" means the Declaration, Plats and Plans, Bylaws and Rules and Regulations.

(j) "Declarant" means **North Street Development, LLC**, a Maine limited liability company, its successors and assigns.

(k) "Declaration" means this document, as the same may be amended from time to time.

(l) "Development Rights" means those rights defined in Section 1601-103(11) of the Condominium Act, as it may be amended from time to time, including, but not limited to, those rights which the Declarant has reserved to itself, if any, to add real estate to the Condominium, to create Units, Common Elements or Limited Common Elements within the Condominium, to subdivide Units or, convert Units into Common Elements, or to withdraw any Real Estate, Units, or Property from the Condominium.

(m) "Eligible Mortgage Holder" means the holder of a recorded first mortgage on a Unit, or the holder of a recorded or unrecorded Land Installment Contract, which has delivered written notice to the association by prepaid United States mail, return receipt requested, or by delivery in hand securing a receipt therefor, which notice shall state the mortgagee's name and address, the Unit Owner's name and address, and the identifying number of the Unit, and shall state that the mortgage is a recorded first mortgage. Such notice shall be deemed to have been given reasonably prior to the proposed actions described in Section 15.2 if sent at the time notice thereof is given to the Unit Owners.

(n) "Executive Board" means the Executive Board of the Association. The terms executive Board and Board of Directors shall be interchangeable.

(o) "Insurance Trust Agreement" means that certain agreement, if any, between the Association and the Insurance Trustee providing for the management and disbursement of insurance proceeds in accordance with Section 16.3 hereof.

(p) "Insurance Trustee" means the entity responsible for the management and disbursement of insurance proceeds pursuant to the Insurance Trust Agreement, if any.

(q) "Land Installment Contract" means a contract under which the Declarant or an Owner agrees to sell or otherwise convey a Unit or other real property interest in a Unit or any portion thereof to a buyer and that buyer agrees to pay the purchase price in subsequent payments and the Declarant or Owner retains title to the Unit as security for the buyer's obligation under the Contract. The Declarant or Owner may assign its rights under the Contract to any third party.

(r) "Limited Common Elements" (or in the singular, a "Limited Common Element") means those parts of the Common Elements allocated for the exclusive use of one or more but fewer than all of the Units, as described either in the Condominium Act as being Limited Common Elements or described herein or in the Condominium Documents as being Limited Common Elements. In the event of any discrepancy between the Condominium Act and Condominium Documents, the terms of the Condominium Documents shall control with respect to Limited Common Elements.

(s) "Limited Common Expenses" mean: (a) the Common Expenses associated with the maintenance, repair or replacement of a Limited Common Element which shall be assessed against the Unit to which that Limited Common Element is assigned, in proportion to the relative Common Expense liabilities as between themselves, as the Executive Board may periodically define; and (b) the Common Expenses for services benefiting fewer than all the Units, which are assessed exclusively against the Units benefited in accordance with the use of such services as permitted by to Section 1603-115(c) of the Condominium Act.

(t) "Manager" or "Managing Agent" means the agent of the management company appointed by the Association to manage the Condominium.

(u) "Mortgagee" means the holder of any recorded mortgage encumbering one or more of the Units or the holder of a recorded or unrecorded Land Installment Contract.

(v) "Owner" means the record owner or owners of a Unit but does not include a person or entity having an interest in a Unit solely as security for an obligation.

(w) "Percentage Interest" means the undivided interest in the Common Elements appurtenant to a Unit, as set forth on Exhibit B attached hereto, as the same may be amended from time to time.

(x) "Property" means the Property described in Section 1.1 above.

(y) "Plats and Plans" or "Plans" means the Plat and Plans and Subdivision Plan as defined in Section 1.1 above, which are recorded in the York County Registry of Deeds, and as such may be amended from time to time.

(z) "Record" means to record in the York County Registry of Deeds.

(aa) "Rules and Regulations" means such rules and regulations as are promulgated by the Declarant or the Executive Board from time to time with respect to the use of all or any portion of the Property.

(bb) "Special Assessment" means an Owner's share of any assessment made by the Executive Board in addition to the Assessment.

(cc) "Special Declarant Rights" means those rights defined in Section 1601-103 (25) of the Condominium Act, as it may be amended from time to time, including, but not limited to, those rights the Declarant has reserved to itself to complete improvements, to maintain sales offices, to use easement through Common Elements for the purpose of making improvements within the Condominium, and to appoint or remove any officer of the Association during any period of Declarant control.

(dd) "Unit" means a physical portion of the Condominium created by this Declaration or any amendment thereto and designated for separate ownership or occupancy, the boundaries of which are described in Article 3.

Section 2.3. Provisions of the Condominium Act. The provisions of the Condominium Act shall apply to and govern the operation and governance of the Condominium, except to the extent that contrary provisions, not prohibited by the Act, are contained in one or more of the Condominium Documents.

ARTICLE 3

UNIT BOUNDARIES

Section 3.1. Units. This Declaration creates sixteen (16) residential condominium units on the Land designated as Units 1-16, as shown on the Plan. The maximum number of units is sixteen (16). The condominium buildings each contain 1-2 condominium units, as shown on the Plats and Plans. Attached as Exhibit B hereto is a list of all Units, their identifying numbers, common element interest, common expense liability and vote appurtenant to each unit.

Section 3.2. Unit Boundaries. The boundary lines of each Unit are as shown on the Plats and Plans and shall conform with unit boundaries as described in the Act to the extent not described herein.

(a) The upper and lower (horizontal) boundaries of each level of each Unit shall be the following boundaries extended to the intersection with the vertical (perimeter) boundaries: (i) Upper Boundary: the plane of the ceiling of each level of the Unit; (ii) Lower Boundary: the horizontal plane of the top surface of the undecorated floor or undecorated concrete floor slab of each level, as applicable.

(b) The vertical (perimeter) boundaries of each Unit shall be the walls bounding the Unit and adjacent to either an adjoining Unit or the exterior walls of the Building extended to the intersections with each other and with the upper and lower boundaries.

(c) Boundary lines shall also be the Unit-side surface of the walls and partitions of the Buildings which enclose such Unit and separate it from adjoining Units, if any, or Common Elements, including the thickness of the finish material such as plaster or drywall, and the exterior surface of doors, windows and storm windows, and glass walls, and their frames, sills and thresholds.

(d) Each Unit's identifying number is shown on the Plats and Plans and on Exhibit B.

Section 3.3. Relocation of Unit Boundaries. Relocation of boundaries between Units will be permitted subject to compliance with the provisions therefor in Section 1602-112 of the Condominium Act and subject to compliance with any conditions, restrictions or requirements imposed by the Executive Board. The cost for preparation and recordation of any documents required for the relocation of boundaries between Units shall be chargeable to the Units involved as a Special Assessment. Subdivision of Units is not permitted.

ARTICLE 4

DESCRIPTION AND ALLOCATION OF COMMON ELEMENTS, LIMITED COMMON ELEMENTS AND LIMITED COMMON PROPERTY

Section 4.1. Description of Common Elements. Common Elements shall consist of all of the Property except the individual Units, and shall include the land, buildings, foundations, roofs, outside walls, pipes, ducts, electrical wiring and conduits, public and private utility lines, floors and ceilings (other than the portion of the floors and ceilings which constitute a part of the Units in accordance with Section 1602-102(1) of the Condominium Act), perimeter walls of Units (other than the portion of walls which constitute a part of the Units in accordance with Section 1602-102(1) of the Condominium Act), structural parts of the buildings, including structural columns, girders, beams and supports, and any easements as set forth in Exhibit A for parking, access, and utilities; and in addition, all other parts of the Property necessary and convenient to its existence, maintenance and safety, normally in common use as defined in the Condominium Act, except such parts of the Property as may be specifically excepted or reserved herein or in any exhibit attached hereto. As provided in Section 1602-102(2) of the Condominium Act, any wires, ducts, pipes, or other fixtures located within a Unit but serving another Unit or Units are part of the Common Elements. Each Owner shall have the right to use the Common Elements in common with all other Owners, as may be required for the purposes of ingress and egress to and use, occupancy and enjoyment of the respective Owners and guests, tenants, and other authorized occupants, licensees, and visitors of the Owner. The use of the Common Elements and the rights of the Owners with respect thereto shall be subject to and governed by the provisions of the Act and Condominium Documents. Without limitation, the Common Elements shall specifically include the following:

(a) Grounds. The land, lawns, trees, any forested areas, signage, sidewalks, parking spaces as identified on the Plats and Plans, any common facilities or storage buildings,

and the private access road identified as _____ on the Plans;

(b) Systems & Utilities. Sewer Pump Station identified as “Pump Station” on the Plans and Sanitary sewer to each unit, if any, electric distribution to each unit meter, water distribution to each unit master valve, all stormwater drainage facilities and related catch basins and detention basins, the “Drainage Basin” identified on the Plans, unit drainage system, water lines servicing more than one unit (in foundation, basement, and exterior walls), sewer lines up to unit outlet (in foundation, basement, and exterior walls), electrical wiring from meter and serving more than one unit (in foundation and exterior walls), master electrical panel, laundry piping and valves, life safety equipment (excluding smoke detectors);

(c) Interior Structure & Fixtures. Sheetrock (interior of exterior walls), interior sub flooring (sub floor sheathing and wood, and sub floor concrete); and

(d) Exterior Structure & Fixtures. Roofing (all roof framing and covering), chimneys and flues, exterior walls (framing, insulation, sheathing, and clapboards, including unit party walls), studs, joists, any load bearing portions of the buildings, shutters, attic structural elements (framing, floor, and insulation), foundation walls, all floor slabs, garage slab floors, if any, exterior foundation drains, interior foundation drains, front and rear steps and railings, sun rooms (roofing, walls, foundation, if any), and dormers (roofing and walls, if any, but excluding new dormer construction).

(e) Other. All other parts of the property necessary or convenient to its existence, maintenance and safety or normally in common use, except as otherwise expressly provided.

Section 4.2. Description of Limited Common Elements. Limited Common Elements shall mean those portions of the Buildings defined as such pursuant to Sections 1602-102(2) and (4) of the Condominium Act or as identified and designated as Limited Common Elements on the Plats and Plans, or by Section 4.3 hereof. Those portions of the Limited Common Elements serving only the Unit above, below or adjacent to such Limited Common Element, as the case may be, are Limited Common Elements allocated only to the Unit which they serve.

Section 4.3. Specified Limited Common Elements. Without limitation, the following portions of the Buildings or the Property are hereby designated as Limited Common Elements: shutters, awnings, window boxes, any individual unit mailboxes, doorsteps, stoops, steps, porches, balconies, patios, decks, basement storage areas, any garage areas, attic spaces, flues and all exterior doors and garage doors, and windows or other fixtures designed to serve a single unit but located outside a unit’s boundaries are limited common elements allocated exclusively to that unit.

Section 4.4. Locations of Common and Limited Common Elements. The locations of the Common Elements and Limited Common Elements are shown on the Plats and Plans. Pursuant to Section 1602-102(4) of the Condominium Act, a shutter, awning, window box, doorstep, stoop, balcony, porch, deck, or patio, if any, shown adjacent to a Unit is a Limited Common Element appurtenant to that Unit.

Section 4.5. Reserved Common Elements. The Executive Board shall have the power in its discretion from time to time to grant revocable licenses in designated Common Elements to the Association or to any Owners and to establish a reasonable charge to such Owners for the use and maintenance thereof. Such designation by the Executive Board shall not be construed as a sale or disposition of the Common Elements.

Section 4.6. Alteration of Common Elements by the Declarant. The Declarant reserves the right to modify, alter, remove or improve portions of the Common Elements, including without limitation, any equipment, fixtures and appurtenances, when in the Declarant's judgment it is necessary or desirable to do so, until the expiration of the applicable warranty period.

ARTICLE 5

MAINTENANCE RESPONSIBILITIES

Section 5.1. Maintenance Responsibilities. Notwithstanding the ownership of the various portions of the Common Elements and the Units by virtue of the foregoing boundary descriptions, the Units and Common Elements shall be maintained and repaired by each unit Owner and by the Association in accordance with the provisions of Section 1603-107 of the Act, except as expressly set forth to the contrary herein.

Section 5.2 Maintenance of Limited Common Elements. The maintenance, repair and replacement of Limited Common Elements created, if any, shall be the responsibility of and at the expense of the Association, except as otherwise noted in the Condominium Documents.

Section 5.3 Maintenance of Common Elements Including Stormwater Drainage Facilities. The Association, or the Managing Agent of the Association in accordance with Article 7, shall be responsible for the maintenance, repair and replacement (unless, if in the opinion of the Board of Directors such expense was necessitated by the negligence, misuse or neglect of a unit Owner) of all of the Common Elements whether located inside or outside of the Units, the cost of which shall be charged to the unit Owners as a Common Expense except as otherwise provided herein with regard to Limited Common Elements. The maintenance, repair and replacement of Common Elements located within a Unit, for which the unit Owner is not responsible, to the extent required for the functioning of or for connecting utilities to the Property and Units, shall be furnished by the Association as part of the Common Expenses. Without limiting the foregoing, the Association's responsibility for maintenance of the Common Elements shall specifically include all stormwater drainage facilities identified on the Plans and as provided in the Stormwater Maintenance Plan approved by the City of Saco for the Property and shall additionally include the sewer pump station identified as "Pump Station" on the Plans.

Section 5.4 Maintenance of Unit. Each unit Owner shall keep and maintain his Unit including the building, equipment, appliances and appurtenances in good order, condition and repair and in a clean and sanitary condition, whether such maintenance and repair shall be structural or non-structural, ordinary or extraordinary, and shall do all redecorating, painting and varnishing which may at any time be necessary to maintain the good appearance and condition of his Unit. No unit Owner shall sweep or throw, or permit to be swept or thrown, from his Unit any dirt, debris or other substance. In addition, each unit Owner shall be responsible for all damage to any other Units or to the Common Elements resulting from his failure or neglect to make any of the repairs required by this Article. Each unit Owner shall perform his responsibility in such manner as shall not unreasonably disturb or interfere with the other unit Owners. Each unit Owner shall promptly report to the Executive Board or the managing agent any defect or need for repairs for which the Association is responsible. No unit Owner shall change the exterior color of his or her Unit nor alter the exterior materials or structure without the written approval of the Board of Directors. All exterior maintenance shall be undertaken so as to maintain the general character and quality of the condominium. No work shall be undertaken without all necessary State and local permits and approvals, and copies of all such permits and approvals shall be given to the Association.

Section 5.5 Liability of Owner. Each unit Owner shall be liable for, and the Association shall have a lien against his Unit for, the expense of maintenance, repair or replacement of any portion of another Unit or

the Common Elements, including Limited Common Elements, of another Unit caused by such unit Owner's act, neglect or carelessness or by that of any member of such unit Owner's family, or such unit Owner's guests, employees, agents, lessees, or their pets, and the Association shall have the right to cure, correct, maintain, repair or replace any damage or disrepair resulting from such act of neglect or carelessness. The Association shall also have the right to perform maintenance required of a unit Owner under Section 5.4, but not performed by the unit Owner and the unit Owner shall be liable for and the Association shall have a lien against the Unit for the expense of such maintenance. Such liability shall include any increase in fire insurance rates occasioned by use, misuse, occupancy, or abandonment of any Unit or its appurtenances. Nothing herein contained, however, shall be construed so as to modify any waiver by insurance companies of rights of subrogation against such unit Owner.

ARTICLE 6

ALLOCATION OF PERCENTAGE INTERESTS, COMMON EXPENSES AND VOTING RIGHTS

Section 6.1. Percentage Interests. Attached as **Exhibit B** hereto is a list of all Units by their identifying number and the Percentage Interest appurtenant to each Unit within each such Unit, together with an explanation of the formula by which such Percentage Interest is determined.

Section 6.2. Common Expenses. The liability of each Unit for the Common Expenses of the Condominium shall be the same percentage share as the Percentage Interest set forth on **Exhibit B**, and as such shall be determined by the same formula by which the Percentage Interest is determined.

Section 6.3. Allocation of Owners' Voting Rights. Each Owner of a Unit shall be entitled to vote as described on **Exhibit B**. If a Unit is owned by more than one person or entity, the voting interest shall not be divided and the vote for the Unit shall be cast by only one of the Owners as determined by a majority of the Owners of such Unit.

ARTICLE 7

MANAGEMENT

Section 7.1. Managing Agent. The Association shall have the right to employ a professional experienced property management firm to act as Managing Agent to oversee the daily operation of the Condominium in accordance with the provisions of the Act and the Declaration; provided, however, that no agreement for such professional management of the Condominium may exceed a term of three (3) years but may be renewed upon consent of the Association. Such agreement shall be cancelable by either party without cause and without a termination fee upon not less than sixty (60) days nor more than ninety (90) days written notice and shall be cancelable by the Executive Board with cause upon not less than thirty (30) days written notice. Any agreement for professional management negotiated by the Declarant shall meet the requirements of this Article 7 for such agreements negotiated by the Association and shall not exceed one (1) year, but may be renewed upon consent of the Association.

Section 7.2. Maintenance Responsibilities. The Managing Agent, or the Association through the Executive Board in the absence of a Managing Agent, shall be responsible for maintenance, repair and

replacement of the Common Elements and Common Property including, but not limited to, the Limited Common Elements. The cost of the provision of such services shall be a Common Expense.

ARTICLE 8

EASEMENTS

Section 8.1. Additional Easements. In addition to the easements provided for by the Act, the following easements are hereby created:

(a) All Units shall be subject to an easement in favor of the Declarant pursuant to Section 1602-115 of the Condominium Act. The Declarant reserves the right to use any Units owned or leased by the Declarant and any Common Element as models, management offices, sales offices for this and other projects or customer service offices; and the Declarant reserves the right to relocate the same from time to time within the Property; upon relocation, the furnishings thereof may be removed. The Declarant further reserves the right to maintain on the Property such advertising signs as may comply with applicable governmental regulations, which may be placed in any location on the Property and may be relocated or removed, all at the sole discretion of the Declarant. Prior to assignment as Limited Common Elements, the Declarant shall have the right to restrict the use of certain Common Element parking areas for sales purposes and to use such areas for sales purposes. Further, the Declarant shall have the right to erect temporary offices on any Common Element parking areas for models, sales, management, customer service and similar purposes. This easement shall continue until the Declarant has conveyed all Units in the Condominium to Owners other than the Declarant.

(b) The Units and Common Elements shall be, and hereby are, made subject to easements in favor of the Declarant, other Owners, appropriate utility and service companies, cable television companies and governmental agencies or authorities for such utility and service lines and equipment as may be necessary or desirable to serve any portion of the Property. The easements created by this Section 8.1(b) shall include, without limitation, rights of the Declarant, any Owner or the providing utility or service company, or governmental agency or authority to install, lay, maintain, repair, relocate and replace gas lines, pipes and conduits, water mains and pipes, sewer and drain lines, drainage ditches and pump stations, telephone wires and equipment, television equipment and facilities (cable or otherwise), electrical wires, conduits, and equipment and ducts and vents over, under, through along and on the Units and Common Elements. Notwithstanding the foregoing provisions of this Section 8.1(b), any such easement through a Unit shall be located either in, substantially the same location as such facilities or similar, facilities existed at the time of first conveyance of a Unit in the Unit by the Declarant or so as not to materially or unreasonably interfere with the use, occupancy, or quiet enjoyment of the Unit by its occupants. With respect to any utility lines or equipment serving only the Condominium and located upon the Common Elements, the Executive Board shall have the right and power to dedicate and convey title to the same to any private or public utility company. The Executive Board shall also have the right and power to convey permits, licenses and easements over the Common Elements for the installation, maintenance, repair and replacement of utility poles, lines, wires and other equipment to any private or public utility company. In addition, the Executive Board shall have the right to grant permits, licenses and easements over the Common Elements for the building and, maintenance of roads, for the protection of the natural, scenic and open space values of the Property, and for other purposes necessary for the proper operation the Condominium.

(c) The Declarant reserves for as long as it is entitled to exercise any Development Right an easement on, over and under those portions of the Common Elements not located within a Building for the purpose of maintaining and/or correcting drainage of surface water in order to maintain reasonable standards of health, safety and appearance. The easement created by this Section 8.1(c) expressly

includes the right to cut any trees, bushes, or shrubbery, to grade the soil, or to take any other action reasonably determined to be necessary. The Declarant or the Association, as the case may be, shall restore the affected property as closely to its original condition as is practicable.

(d) The Common Elements (other than the Limited Common Elements) shall be, and hereby are made, subject to an easement in favor of the Owners and their invitees, employees, tenants and servants, the Association and the agents and employees of the Association for access, egress and ingress over, through and across each portion thereof, pursuant to such requirements and subject to such charges as the Executive Board may from time to time prescribe; provided that nothing contained herein shall create any access easement in favor of Owners with respect to such portions of the Common Elements which are not needed in order to gain access to one or more Units and as to which the Executive Board may from time to time determine it to be necessary or desirable to limit or control access by Owners or the occupants of Units, or both, including, by way of illustration and not limitation, machinery and equipment rooms, and any management agent's office, provided, however, that every Owner shall have an unrestricted right of ingress and egress to his Unit for his specified Period of Use. Until the Declarant conveys the last Unit to an Owner other than Declarant, the Declarant shall have the right to restrict access by owners to management and sales offices and areas located on or in any Common Element.

(e) The Common Elements (including, but not limited to, the Limited Common Elements) and Units are subject to an easement in favor of the Declarant for the purposes of construction, reconstruction, maintenance, repair, renovation, replacement or correction of the Units or Common Elements.

(f) The Common Elements (including, but not limited to, the Limited Common Elements) shall be and hereby are made subject to an easement in favor of the Association and the agents, employees and independent contractors thereof for the purpose of the inspection, upkeep, maintenance, repair and replacement of the Common Elements, and Property (including, but not limited to the Limited Common Elements and Property).

(g) The Common Elements (including, but not limited to, the Limited Common Elements) shall be and hereby are made subject to the following easements in favor of the Units benefited:

(1) For the installation, repair, maintenance, use, removal and/or replacement of pipes, ducts, heating and air conditioning systems, electrical, telephone and other communication wiring and cables and all other utility lines and conduits which are part of or exclusively serve a single Unit and which pass across or through a portion of the Common Elements;

(2) For the installation, repair, maintenance, use, removal and/or replacement of overhead lighting fixtures, electrical receptacles and the like which are located in a portion of the ceiling, wall or floor adjacent to a Unit which is a part of the Common Elements; provided that the installation, repair, maintenance, use, removal or replacement of such fixtures, receptacles and the like does not unreasonably interfere with the common use of any part of the Common Elements or impair or structurally weaken the Buildings;

(3) For driving and removing nails, screws, bolts and the like into the Unit-side surface of walls, ceilings and floors which are part of the Common Elements; provided that such action will, not unreasonably interfere with the common use of any part of the Common Elements or impair or structurally weaken the Buildings; and

(4) For the maintenance or the encroachment of any lighting devices, outlets, medicine cabinets, exhaust fans, ventilation ducts, registers, grilles and similar fixtures which serve only one Unit but which encroach into any part of any Common Element or Limited Common Element on the date this Declaration is recorded or any amendment hereof is recorded.

(h) To the extent necessary, each Unit shall have an easement for structural support over every

other Unit in the Building in which it is located, the Common Elements and the Limited Common Elements, and each Unit and the Common Elements shall be subject to an easement for structural support in favor of every other Unit in that particular Building, the Common Elements and the Limited Common Elements, if any.

(i) The Units and the Limited Common Elements are hereby made subject to the following easements:

(1) In favor of the Association and its agents, employees and independent contractors, (i) for inspection of the Units and Limited Common Elements in order to verify the performance by Owners of all items of maintenance and repair for which they are responsible, (ii) for inspection, maintenance, repair and replacement of the Common Elements and Property or the Limited Common Elements and Property situated in or accessible from such Units or Limited Common Elements or both, (iii) for correction of emergency conditions in one or more Units or Limited Common Elements, or both, or casualties to the Common Elements and Property, the Limited Common Elements and Property and/or the Units, and (iv) to do any other work reasonably necessary for the proper maintenance of the Condominium, it being understood and agreed that the Association and its agents, employees and independent contractors shall take reasonable steps to minimize any interference with an Owner's use of his Unit resulting from the Association's exercise of any rights it may have pursuant to this Section 8.1(i)(1) and the following Section 8.1(i)(2) or both;

(2) In favor of the Owner benefited thereby and the Association and its agents, employees and independent contractors, for the installation, repair, maintenance, use, removal and/or replacement of pipes, ducts, electrical, telephone, telegraph or other communication systems and all other utility lines and conduits which are part of the Common Elements and which pass across or through a portion of one or more Units.

(j) If construction, reconstruction, repair, shifting, settlement or other movement of any portion of the Condominium results either in the Common Elements encroaching on any Unit, or in any Unit encroaching on the Common Elements or on any other Unit, a valid easement shall exist during the period of the encroachment for the encroachment and for the maintenance thereof.

(k) All easements, rights and restrictions described and mentioned in this Declaration are easements appurtenant, running with the land and the Property, including by way of illustration but not limitation the Units and the Common Elements, and (except as expressly may be otherwise provided herein or in the instrument creating the same) shall continue in full force and effect until the termination of this Declaration.

Section 8.2. Reservation of Easement Rights. Until the construction, marketing and sale of all Units is completed, the Declarant reserves the right to grant to any third party any license or easement in, on, over or through the Property, in addition to and not in limitation of those set forth above, which license or easement is determined by the Declarant, in its reasonable judgment, to be necessary for the development or improvement of the Property. Any such license or easement granted hereunder may be recorded by the Declarant at its sole cost and expense. The Association, at the request of the Declarant, shall execute and deliver in recordable form any instrument or document necessary or appropriate to confirm the grant of such license or easement.

Section 8.3. Additional Easements, Covenants, Restrictions. The Property is also subject to any easements and restriction as provided on the Plats and Plans, and the Subdivision Plan. Without limiting the foregoing, the Property is subject to the terms, conditions, covenants and restrictions of a certain Declaration of Restrictions (Wooded, Non-Disturbance) of near or even date herewith, to be recorded in

the York County Registry of Deeds, which provides protections for certain undisturbed buffer zones adjacent to the stream areas as described therein and as shown on the Plans.

Section 8.4. Access Easement. The property shall also be subject to a certain access easement identified as "45' Access Easement to Office Building" on the Plans in accordance with a certain Easement Deed to be recorded in the York County Registry of Deeds.

ARTICLE 9

RESTRICTIONS ON USE, SALE AND LEASE OF UNITS AND/OR UNITS

Section 9.1. The following restrictions shall apply to the use of the Condominium:

(a) **Residential Use Restrictions.** The Units, Lots, and Common Elements (with the exception of any such Units during the time period when they are being used by the Declarant as a sample, model or sales office) are restricted to residential use. The Units may not be used for any other purposes by the Owner or any future Owner. No present or future owner of any Unit shall permit his Unit to be used or occupied for any purpose other than as a single family residence. Notwithstanding any of the foregoing, an Owner may use a Unit for the purpose of a home office, provided, however, that any such use complies with all applicable state and local laws and ordinances, and that such use is otherwise consistent with the Condominium Documents.

(b) **Obstruction of Common Elements.** No Owner may obstruct the Common Elements in any way. No Owner may store anything in or on the Common Elements without the prior written consent of the Executive Board.

(c) **Quiet Enjoyment.** No Owner may carry on any practice, or permit any practice to be carried on, which unreasonably interferes with the quiet enjoyment of the occupants of any other Unit. The Property is to be maintained in a clean and sanitary condition, and no Owner may place any garbage, trash or rubbish anywhere in the Property other than in his own Unit and in or on such parts of the Common Elements as may be designated for such purpose by the Executive Board.

(d) **Fire Hazards.** No Unit shall be used, occupied or kept in a manner that in any way increases the fire insurance premiums for the property without the prior written permission of the Executive Board.

(e) **Signs.** No Owner (other than the Declarant in connection with its marketing and sale of the Units) may erect any sign on or in his Unit or any Limited Common Element which is visible from outside his Unit or from the Common Elements, without in each instance having obtained the prior written permission of the Executive Board.

(f) **Pets and Animals.** No animals, except as common household pets in accordance with the Rules and Regulations, shall be kept or maintained on the property, nor shall common household pets be kept, bred or maintained for commercial purposes on the Property. Owners are responsible for immediate clean-up of pet waste. Unless otherwise permitted by the Board, authorized pets shall not be permitted outside of Units unless they are accompanied by an adult person and carried or leashed. The Board of Directors may make further provisions in the Rules for the control and regulation of household pets in the Condominium. The owner of a unit where a pet is kept or maintained shall be responsible and may be assessed by the Board of Directors for all damages to the property resulting from the maintenance or conduct of said pet, and any costs incurred by the Association in enforcing the Rules prescribed or to be prescribed by the Board of Directors for the control and regulation of pets in the Condominium and each

such owner shall be deemed to indemnify and hold the Board harmless against such loss or liability resulting from said pet.

(g) Rules and Regulations. The Executive Board shall promulgate reasonable Rules and Regulations, not in conflict with the provisions of this Declaration, concerning the use and enjoyment of the Property. Copies of the then current Rules and Regulations and any amendments thereto shall be furnished to all Owners by the Association promptly after the adoption of such Rules and Regulations and any amendments thereto.

(h) Alterations to Units. Except as otherwise provided herein, no Unit shall be substantially altered, remodeled or renovated unless such alteration, remodeling or renovation shall be approved by a majority vote of the Executive Board of the Association. Executive Board approval shall not be required for minor alterations or renovations that do not affect the structural integrity of any Common Elements. For purposes of this paragraph, the term "minor alterations or renovations" shall specifically include, without limitation, the following: interior painting, wallpaper installation, carpet installation, refinishing of hardwood flooring, installation of lighting fixtures, and bathroom or kitchen remodeling projects that do not affect the structural integrity of any Common Elements.

(i) Connection of Adjoining Units and Limited Common Areas. If the record Owners of the subject Unit(s) affirmatively elect, with the written approval of the Board of Directors of the Association based on each Owner's compliance with the standards set forth hereinafter, all to be evidenced by a recorded instrument duly executed and acknowledged, that portion of the Common Elements located between the boundary lines of adjoining Units or located between a Unit and an adjoining Limited Common Element (with the consent of any other units sharing the same), may be thereby subjected to an easement in favor of each such Unit respectively running to the midpoint of the space between each Unit or to the Limited Common Element for the removal and alteration of any intervening partition and the creation of apertures therein for passage back and forth between the two units or to the limited common element, and for the installation of stairs, doors, windows and frames appurtenant thereto. The participating Owners shall be strictly liable for any resulting damage. At all times after such election each unit owner: shall preserve and maintain the structural integrity and architectural style, the mechanical and utility systems, and the support of all portions of the Property and Common Elements; and shall strictly comply with all fire, building code and other governmental laws, ordinances and requirements. Any such unit Owner or his respective heirs, mortgagees or assigns, may at any time revoke such election by instrument duly executed and acknowledged served on the other such owners and duly recorded, and thereafter may seal up passageways and/or remove the stairs, doors and their frames, and/or install a permanent wall, floor ceiling or other partitions, at all times preserving the structural integrity, the mechanical and utility systems and support of all portions of the Property. Nothing contained herein shall be deemed to merge or otherwise affect the separate identity, configuration or the boundaries of said Units.

(j) Labor, Mechanic's Liens. No Owner shall cause any material to be furnished to his Unit or any labor to be performed therein or thereon except in the manner set forth in subparagraph (h) and (i) above. Each Owner shall indemnify and hold the other Owners of his Unit harmless against any loss, damage or claim arising out of his breach of the provisions of this Section 9.1, including but not limited to the costs of removing any unauthorized improvements, any repairing and restoring the Unit to substantially its condition prior to such alteration, remodeling, renovation or repair and the cost of removing, bonding, defending or paying any mechanic's or materialmen's liens.

Section 9.2. Sale and Lease of Units.

(a) The Declarant shall have the right to operate any Units owned by the Declarant as a rental project. The Declarant may establish and maintain in the Units and Common Elements, all offices, signs

and other accoutrements normally used in the operation of, such rental properties in the sole discretion of the Declarant. Such operation shall be for the benefit of the Declarant and neither the Association nor any Owner (other than the Declarant) shall have any right or interest in the profits or losses thereof.

(b) There shall be no mandatory rental program offered to the Owners by Declarant, Managing Agent or any third parties. An Owner other than the Declarant may rent his Unit, although the Executive Board may prescribe by resolution a form of lease or specific provisions to be included in any lease of a Unit owned by a party other than the Declarant, and thereafter no Owner other than the Declarant shall execute a lease of his Unit which is not in compliance with such resolution. Each tenant and lease shall be subject to the covenants, restrictions and conditions set forth in the Declaration.

(c) This Section 9.2. shall not be deemed or construed to impair a Mortgagee's right to foreclose, accept a deed in lieu of foreclosure or sell or lease a Unit so acquired by the Mortgagee.

Section 9.3. Time Share Ownership Prohibited. No ownership interest in any Unit shall or may be subdivided to permit "time sharing" or any other devices to effect interval ownership. For the purposes of this subsection, such devices shall be deemed to include, without limitation, the use of corporations, partnerships and tenancies in common in which four or more persons not members of a single household have acquired by means other than inheritance, devise or operation of law, a direct or indirect, equitable or legal, right to occupy or arrangement, formal or informal regarding occupancy of the same unit.

ARTICLE 10

DEVELOPMENT RIGHTS AND SPECIAL DECLARANT RIGHTS

Section 10.1. General Development Rights. In addition to the easement rights reserved in Article 8, the Declarant reserves to itself and for the benefit of its successors and assigns the right:

(a) Until the construction, marketing and sale of all Units is completed, to connect with and make use of utility lines, wires, pipes and conduits located on the Property for construction and sales purposes, provided that the Declarant shall be responsible for the cost of services so used;

(b) Until the construction, marketing and sale of all Units is completed, to use the Common Elements for ingress and egress, for the repair and construction of Units and Common Elements including the movement and temporary storage of construction materials and equipment, and for the installation of signs and lighting for sales and promotional purposes;

(c) Until the construction, marketing and sale of all Units is completed, including any future Units which may be created under this Declaration, to subdivide or convert Units into Common Elements, to withdraw Units or real estate from the Condominium and any and all other Development Rights as are now allowed or in the future may be allowed by the Condominium Act. The locations and dimensions of the land subject to withdrawal is shown as Phase II on the Plats and Plans. No land may be withdrawn from the Condominium if a Unit has been legally located on such land unless the Owner and any Eligible Mortgage Holder of the Unit have consented. No easement rights may be withdrawn in connection with such withdrawn land across any existing Unit unless the Owner and any Eligible Mortgage Holder of the Unit have consented. Once such land and associated easements have been withdrawn, they shall not longer be subject to the terms of this Declaration or any of the covenants and restrictions set forth herein. Any withdrawal of land must be structured so that the balance of the Condominium complies with applicable zoning and subdivision ordinance requirements of the City of Westbrook. Declarant reserves the right to withdraw portions of said land at different times and in

separate portions with boundaries other than those depicted in Phase II on the Plats and Plans and in such order as it deems appropriate, provided, however, that land other than that depicted as Phase II on the Plats and Plans shall not be withdrawn. Otherwise no consent of the Association, any Unit owners or the Association is required. Once such land has been withdrawn it shall be released from all terms, covenants and restrictions set forth in this Declaration, and it may be developed and used in any manner permitted by the City of Westbrook Zoning and Land use Ordinances as they may vary; and

(d) Until the construction, marketing and sale of all Units is completed, to complete all improvements shown on the Plats and Plans, to relocate any improvements shown on the Plats and Plans, construct additional Common Element improvements on any part of the Property, to exercise the Development Rights set forth herein, to maintain models and sales offices and to exercise the easements as set forth in Article 8 hereof, to make the Condominium part of a larger condominium, to make the Condominium subject to a master association, to appoint or remove any officer or Executive Board member during any period of Declarant control of the Association and any and all other Special Declarant Rights as are now allowed or in the future may be allowed by the Condominium Act. The real estate subject to these Development Rights and Special Declarant Rights is all of the Property, except those portions lying within the boundaries of declared Units and upon which declared Units are located.

(e) Appoint and remove members of the Board of Directors and Officers of the Association in accordance with Section 12.1.

Section 10.2. Exercise of Rights. The exercise of the Development Rights and Special Declarant Rights reserved herein shall be in accordance with and governed by the provisions of the Condominium Act, including without limitation Section 1602-110 of the Act. A copy of all amendments to this Declaration prepared by Declarant shall be forwarded to Eligible Mortgage Holders upon request. Further, in accordance with Section 1602-109(f) of the Condominium Act, the Declarant will either record new Plats and Plans or record an affidavit that the Plats and Plans previously recorded conform to the requirements of the Act.

Section 10.3. Amendment. This Article 10 shall not be amended without the written consent of the Declarant duly recorded in the York County Registry of Deeds.

ARTICLE 11

UNITS SUBJECT TO CONDOMINIUM DOCUMENTS, EMINENT DOMAIN

Section 11.1. Applicability of Condominium Documents. Each present and future Owner, tenant, occupant and Mortgagee of a Unit therein shall be subject to and shall comply with the provisions of the Act, and with the covenants, conditions and restrictions as set forth in the Condominium Documents and the deed to such Unit; provided that nothing contained herein shall impose upon any tenant of a Unit or Mortgagee any obligation which the Act or one or more of such documents, or both, make applicable only to Owners (including, without limitation, the obligation to pay assessments for Common Expenses). The acceptance of a deed or mortgage to any Unit therein, or the entering into of a lease or the entering into occupancy of any Unit therein shall constitute an agreement that the provisions of the Act and the covenants, conditions and restrictions set forth in the Condominium Documents and the deed to such Unit therein are accepted and ratified by such grantee, Mortgagee or tenant. All of such provisions shall be covenants running with the land and shall bind any person having at any time any interest or estate in such Unit, as though such provisions were recited and stipulated at length in each and every deed, conveyance, mortgage, contract or lease thereof. The Association and any aggrieved Owner shall have a

right of action against Owners who fail to comply with the provisions of the Condominium Documents, the Act, or with decisions made by the Association or the Executive Board. Aggrieved Owners shall have similar rights of action against the Association.

Section 11.2. Eminent Domain. Whenever all or part of the Common Elements shall be taken, injured or destroyed by eminent domain, each Owner shall be entitled to notice thereof and to participate in the proceedings incident thereto, provided, however, that the Association shall officially, represent the Owners in such proceedings. In any proceedings for the determination of damages, such damages shall be determined for such taking, injury or destruction as a whole and not for each Owner's interest therein and any award for such damages shall be payable to the Association for the benefit of the Owners and Mortgagees. Notwithstanding the foregoing, if the Association elects to distribute such award of damages to the Owners, any amount payable to an Owner shall be paid instead to the Owner's Mortgagee upon the written request of such Mortgagee to an officer of the Executive Board.

ARTICLE 12

EXECUTIVE BOARD OF THE ASSOCIATION

Section 12.1. Members.

(a) The initial Executive Board shall consist of three (3) members. The members of the initial Executive Board shall be appointed, removed and replaced from time to time by the Declarant without the necessity of obtaining resignations. The Declarant-appointed members of the Executive Board, which may include the Declarant, shall be replaced with Owners in accordance with the provisions of paragraph (b) of this Section 12.1.

(b) Not later than the earlier of (i) sixty (60) days after the conveyance of 75% of the Units to Owners other than the Declarant or (ii) seven (7) years following conveyance of the first Unit to an Owner other than the Declarant, all members of the Executive Board appointed by the Declarant shall resign and the Owners (including the Declarant to the extent of any Units owned by the Declarant at that time) shall elect new members of the Executive Board in accordance with the Bylaws. The period prior to such resignation by the Declarant appointed Board Members is herein referred to as the "Period of Declarant Control."

(c) The Executive Board shall possess all of the duties; and powers granted to the Executive Board by the Act.

Section 12.2. Disputes. (a) Regarding Owners, Condominium, and Condominium Documents. In the event of any dispute or disagreement between any Owners relating to the Property, or any questions of interpretation or application of the provisions of the Condominium Documents, the determination thereof by the Executive Board shall be final and binding on each and all such Owners. The Executive Board shall have the authority to seek a declaratory judgment or other appropriate judicial relief in order to assist it in carrying out its responsibilities under this Section 12.2. All costs of obtaining such a judgment shall be borne by the disputants, or in the absence of disputants, by the Association as a Common Expense.

(b) Disputes with Declarant. In any dispute between one or more unit Owners and the Declarant regarding the Common Elements, the Board of Directors shall act for the unit Owners, and any agreement with respect thereto by the Board shall be conclusive and binding upon the unit owners. All claims, disputes and other matters in question between the Declarant, on the one hand, and the Association or any unit owners on the other hand, arising out of or relating to, a unit, the common

elements, the limited common elements, this Declaration, the Bylaws, or the deed to any unit or the breach thereof, or the course of dealing between any unit owner, the Association and the Declarant, except for claims which have been waived by the acceptance of a deed, shall be decided by binding arbitration in accordance with the Construction Industry Arbitration Rules of the American Arbitration Association then obtaining unless the parties mutually agree otherwise in writing. This agreement to arbitrate shall be specifically enforceable under the prevailing arbitration law. The award rendered by the arbitrators shall be final, and judgment may be entered upon it in accordance with applicable law in any court having jurisdiction thereof. Notice of the demand for arbitration shall be filed in writing with the other parties and with the American Arbitration Association. The demand for arbitration shall be made within a reasonable time after the claim, dispute or other matter in question has arisen, and in no event shall it be made after the date when institution of legal or equitable proceedings based on such claim, dispute or other matter in question would be barred by the applicable statute of limitations or other principals of law and equity.

Section 12.3. Abating and Enjoining Violations by Owners. The violation of any Rules and Regulations adopted by the Executive Board, the breach of any provision contained in the Bylaws or the breach of any provision of this Declaration or the Act by any Owner or tenant of such Owner, shall give the Executive Board the right, in addition to any other rights to which it may be entitled, to enjoin, abate or remedy by appropriate legal proceedings, either by law or in equity, the continuance of any such breach.

ARTICLE 13

LIMITATION OF LIABILITY

Section 13.1. Limited Liability of the Executive Board. The Executive Board, and its members in their capacity as members, officers and employees:

(a) Shall not be liable for the failure of any service to be obtained by the Executive Board and paid for by the Association, or for injury or damage to persons or property caused by the elements or by another Owner or person on the Property, or resulting from electricity, gas, water, rain, dust or sand which may leak or flow from the outside or from any part of the Buildings, or from any of its pipes, drains, conduits, appliances, or equipment, or from any other place unless in each such instance such injury or damage has been caused by the willful misconduct or gross negligence of the Association or the Executive Board;

(b) Shall not be liable to the Owners or any mortgagees as a result of the performance of the Executive Board members' duties for any mistakes of judgment, negligence or otherwise, except for the Executive Board members' own willful misconduct or gross negligence;

(c) Shall have no personal liability in contract to an Owner, any mortgagee, or any other person or entity under any agreement, check, contract, deed, lease, mortgage, instrument or transaction entered into by them on behalf of the Executive Board or the Association in the performance of the Executive Board members' duties;

(d) Shall not be liable to an Owner, or such Owner's tenants, employees, agents, customers or guests, for loss or damage caused by theft of or damage to personal property left by such Owner or his tenants, employees, agents, customers or guests in a Unit, or in or on the Common Elements or Limited Common Elements, except for the Executive Board members' own willful misconduct or gross negligence;

(e) Shall have no personal liability in tort to an Owner, any mortgagee, or any other person or entity, direct or imputed, by virtue of acts performed by or for them, except for the Executive Board members' own willful misconduct or gross negligence in the performance of their duties; and

(f) Shall have no personal liability arising out of the use, misuse or condition of the Buildings, or which might in any other way be assessed against or imputed to the Executive Board members as a result of or by virtue of their performance of their duties, except for the Executive Board members' own willful misconduct or gross negligence.

Section 13.2. Indemnification. Each member of the Executive Board in his capacity as an Executive Board member, officer or both, shall be indemnified by the Association against all expenses and liabilities, including attorneys' fees, reasonably incurred by or imposed upon him in connection with any proceeding in which he may become involved by reason of his being or having been a member and/or officer of the Executive Board, or any settlement of any such proceeding, whether or not he is an Executive Board member, officer or both at the time such expenses are incurred, except in such cases wherein such Executive Board member and/or officer is adjudged guilty of willful misconduct or gross negligence in the performance of his duties or any other standard imposed by the Condominium Act; provided that, in the event of a settlement, this indemnification shall apply only if and when the Executive Board (with the affected member abstaining if he is then an Executive Board member) approves such settlement and reimbursement as being in the best interests of the Association. The indemnification by the Owners set forth in this Section 13.2 shall be paid by the Association on behalf of the Owners and shall constitute a Common Expense and shall be assessed and collectible as such. Such right of indemnification shall not be deemed exclusive of any other rights to which such Executive Board member and/or officer may be entitled as a matter of law or agreement or by vote of the Owners or otherwise.

Section 13.3. Joint and Several Liability of Owners and Lessees. Each Owner shall be jointly and severally liable with any tenants of the Unit owned by such Owner for all liabilities arising out of the ownership, occupancy, use, misuse, or condition of any Unit or any portion of the Common Elements or Limited Common Elements.

Section 13.4. Defense of Claims. Complaints filed in any State or Federal court brought against the Association, the Executive Board or the officers, employees or agents thereof their respective capacities as such, or the Condominium as a whole, shall be directed to the Executive Board of the Association, which shall promptly give written notice thereof to the Owners and the holders of any mortgages and such complaints shall be defended by the Association. The Owners and the holders of mortgages shall have no right to participate other than through the Association in such defense. Complaints of a nature specified in Section 13.3 hereof against one or more but less than all Owners shall be defended by such Owners who are defendants themselves and such Owners shall promptly give written notice of the institution of any such suit to the association and to the holders of any mortgages encumbering such Units.

ARTICLE 14

ASSESSMENTS: LIABILITY OF OWNERS

Section 14.1. Power to Assess. The Association, acting through the Executive Board in accordance with the Bylaws, shall have the power to fix and determine, from time to time, the sums necessary and adequate to provide for the Common Expenses, including, but not limited to such amounts as are necessary for the maintenance, repair and replacement of the Common Elements and Limited Common Elements as set forth in Section 7.2 hereof, such amounts as are necessary for uncollectible Assessments, budget deficits; such expenses as are necessary for the Association's share of any common expenses for

any master association which the Association may now or hereafter be a member of; such reserves as are hereinafter described and such additional reserves as the Executive Board shall deem necessary or prudent, and such other expenses as are specifically provided for in the Condominium Act, this Declaration or the Bylaws. The Association shall establish an adequate reserve fund for maintenance, repair and replacement of those Common Elements, Limited Common Elements and Limited Common Property for which the Association is responsible which are anticipated to require replacement, repair or maintenance on a periodic basis, and to cover any deductible amount for insurance policies maintained by the Association. The reserve fund shall be funded as a part of the Common Expenses.

Section 14.2. Assessments for Limited Common Expenses. The Association, acting through the Executive Board in accordance with the Bylaws and as circumstances may reasonably require, shall assess Limited Common Expenses as follows: (i) If a Limited Common Expense only benefits a single Unit, that Limited Common Expense may be assessed solely against the Unit benefited, as the Executive Board shall determine; (ii) If a Limited Common Expense benefits more than a single Unit, that Limited Common Expense may be assessed solely against all the Units benefited in proportion to the relative Common Expense liabilities of such Units as between themselves, as the Executive Board may periodically determine, as those Common Expense Liabilities may be changed as provided in Section 6.2 and **Exhibit B**; and (iii) If a Limited Common Expense is associated with the maintenance, repair or replacement of a Limited Common Element or Property, that Limited Common Expense may be assessed solely against all the Units to which that Limited Common Element or Property is allocated in proportion to the relative Common Expense liabilities of such Units as between themselves, as the Executive Board shall determine, or as those Common Expense liabilities may be changed as provided in Section 6.2 and **Exhibit B**.

Section 14.3. Special Assessments. If the cash requirement estimated at the beginning of any fiscal year shall prove to be insufficient to cover the actual Common Expenses for such fiscal year for any reason (including by way of illustration and not limitation, any Owner's non-payment of his Assessment or municipal assessments not yet assessed), the Executive Board shall have the power, at any time it deems necessary and proper, to levy one or more Special Assessments against each Owner. Special Assessments shall be due and payable in the manner and on the date set forth in the notice thereof.

Section 14.4. Payment of Assessments. Each Owner, including the Declarant to the extent it is the owner of any unsold Units, shall pay all Assessments levied by the Association. Liability for such assessments shall be determined in accordance with the formula set forth in **Exhibit B** hereto. Penalties for delinquent assessments shall be set forth in the Rules and Regulations of the Condominium. Notwithstanding anything herein to the contrary, and with respect to any assessments levied by the Association against Units owned by the Declarant, the Declarant in its discretion may elect: (a) in lieu of paying any monthly or other periodic assessments, to make an annual contribution to the Association on or before the last day of each calendar year in an amount equal to the value of services actually received by Declarant as a part of the Common Expenses or Limited Common Expenses for such year; or (b) to offset against such assessments the value of either (i) amounts paid directly by the Declarant for any expenses relating to the Common Expenses or Limited Common Expenses of the Condominium, or (ii) the value of any services provided by the Declarant for the benefit of the Association that would otherwise constitute a Common Expense or Limited Common Expense of the Condominium.

Section 14.5. Failure to Fix New Assessments. If the Executive Board shall fail to fix new Assessments for Common Expenses for the subsequent fiscal year before the expiration of any fiscal year, the Owners shall continue to pay the same sums they were paying for such Assessments during the fiscal year just ended and such sum shall be deemed to be the new Assessments for the succeeding fiscal year. If the Executive Board shall change the Assessment at a later date, the difference between the new Assessment,

if greater, and the previous year's Assessment up to the effective date of the new Assessment shall be treated as if it were a Special Assessment under Section 14.2 hereof; thereafter each Owner shall pay the new Assessment. In the event the new Assessment is less than the previous year's Assessment, in the sole discretion of the Executive Board, the excess either shall be refunded to the Owners, credited against future Assessments or retained by the Association for reserves.

Section 14.6. Exemption by Waiver. No Owner may exempt himself from liability for the Common Expenses by waiver of the enjoyment of the right to use any of the Common Elements or by the abandonment of his Unit or otherwise.

Section 14.7. Personal Liability of Owners. All sums assessed by the Association as an Assessment, Special Assessment or Assessment for Limited Common Expenses shall constitute the personal liability of the Owner of the Unit so assessed and also, until fully paid, shall constitute a lien against such Unit pursuant to Section 1603-116 of the Condominium Act. The Association shall take action for failure to pay any assessment or other charges pursuant to Section 1603-116 of the Condominium Act. The delinquent Owner shall be obligated to pay (a) all expenses of the Executive Board, including reasonable attorneys' fees and costs, incurred in the collection of the delinquent assessment by legal proceedings or otherwise, and (b) any amounts paid by the Executive Board for taxes or on account of superior liens or otherwise to protect its lien, which expenses and amounts, together with accrued interest, shall be deemed to constitute part of the delinquent assessment and shall be collectible as such.

Section 14.8. Liability of Purchaser of Unit for Unpaid Assessments. Upon the voluntary sale, conveyance or any other voluntary transfer of a Unit or any interest therein, the grantee thereof shall not be personally liable with the grantor thereof for all unpaid Assessments for Common Expenses, special assessments, Limited Common Expenses, which are a charge against the Unit as of the date of consummation of the sale, conveyance or transfer, unless such grantee agrees to assume the obligation therefor. A lien against the Unit so purchased for Assessments imposed pursuant to this Declaration or the Condominium Act shall not be affected by such sale, conveyance or other transfer, however.

Section 14.9. Subordination of Certain Charges. Any Assessments or any fees, charges, late charges, fines and interest that may be levied by the Association pursuant to Section 1603-102 of the Condominium Act or otherwise shall be subordinate to any first mortgage lien recorded before the due date of the Assessment or the due date of the first installment payable on the Assessment.

Section 14.10. Surplus. The Budget of the Association shall set forth general Common Expenses. Any amounts accumulated from assessments for Common Expenses in excess of the amount required for actual Common Expenses and reserves for future Common Expenses, unless otherwise directed by the Executive Board, in its sole discretion, shall be credited to each Owner, such credit to be applied to the next Assessments of Common Expenses due from said Owners under the current fiscal year's budget, and thereafter until exhausted, or retained by the Association for reserves.

ARTICLE 15

RIGHTS OF MORTGAGEES, CONTRACT HOLDERS, INSURERS AND GUARANTORS:

Section 15.1. Subject to Declaration. Whether or not it expressly so states, any mortgage which constitutes a lien against a Unit and an obligation secured thereby shall provide generally that the mortgage and the rights and obligations of the parties thereto shall be subject to the terms and conditions of the Act, the Declaration, the Plats and Plans and any Rules and Regulations.

Section 15.2. Rights of Eligible Mortgage Holders. (a) The Association shall send reasonable prior written notice by prepaid United States mail to Eligible Mortgage Holders of the consideration by the Association of the following proposed actions:

- (1) The termination of the Condominium pursuant to Section 1602-118 of the Condominium Act;
- (2) A change in the allocated interest of a Unit or Unit, a change in the boundaries of a Unit or a subdivision of a Unit;
- (3) The merger or consolidation of the Condominium with another condominium;
- (4) The conveyance or subjection to a security interest of any portion of the Common Elements;
- (5) The proposed use of any proceeds of hazard insurance required to be maintained by the Association under, Section 1603-113(a) of the Condominium Act, or of any condemnation proceeds, for purposes other than the repair or restoration of the damaged property;
- (6) The adoption of any proposed budget by the Executive Board and of the date of the scheduled Owners' meeting to consider ratification thereof. A summary of the proposed budget shall accompany this notice;
- (7) Any default in the performance or payment by an Owner of any obligations under the Declaration, including, without limitation, default in the payment of Common Expense liabilities;

(b) In the event of any proposed actions described in subsection (a), paragraphs (1), (2), (3), (4), or (5) hereinabove, an Eligible Mortgage Holder shall have the right, but not the obligation, in place of the Owner to cast the votes allocated to that Unit or give or withhold any consent required of the Owner for such action by delivering written notice to the Association with a copy to the Owner prior to or at the time of the taking of the proposed action, which notice shall be sent by prepaid United States mail, return receipt requested, or by delivery in hand. Failure of the Eligible Mortgage Holder to so exercise such rights shall constitute a waiver thereof and shall not preclude the Owner from exercising such right. In the event of any default described in subsection (a), paragraph (7), the Eligible, Mortgage Holder shall have the right, but not the obligation, to cure such default.

(c) In addition, an Eligible Mortgage Holder or its representative shall have the right to attend Association and Executive Board meetings for the purposes of discussing the matters described in subsection (a), paragraphs (1) through (6).

Section 15.3. Liability for Use and Charges. Any Mortgagee who obtains title to a Unit pursuant to the remedies provided in a mortgage for foreclosure of such mortgage or a deed in lieu of foreclosure shall not be liable for such Owner's unpaid assessments or charges which accrue prior to the acquisition of title to such Unit by the Mortgagee, except to the extent otherwise provided for in either of the Act and except to the extent that such Mortgagee is liable as an Owner for the payment of such unpaid assessment or charge that is assessed against the Mortgagee as a result of all Owners being reassessed for the aggregate amount of such deficiency.

Section 15.4. Condemnation Rights. No provision of this Declaration shall give an Owner, or any other party, priority over any rights of the Mortgagee of a Unit pursuant to its mortgage in the case of a distribution to such Owner of insurance proceeds or condemnation award for loss to or a taking of one or more Units and/or Common Elements.

Section 15.5. Books and Records. Any Mortgagee shall have the right exercisable by written notice to the Executive Board, to examine the books and records of the Association and to require that it be provided with a copy of each annual report of the Association and other financial data of the Association reasonably requested by such Mortgagee.

ARTICLE 16

INSURANCE

Section 16.1. Types and Amounts. The Association shall maintain as a Common Expense and to the extent reasonably available, the following types and amounts of insurance:

(a) Property insurance insuring against all risks of direct physical loss normally covered by the standard extended coverage endorsement and commonly insured against, including those covered by the standard "all risk" endorsement, or such other fire and casualty insurance as the Executive Board may determine provides equal or greater protection for the Owners and their Mortgagees, if any, in each case complying with the applicable requirements of Section 16.2 hereof. The insurance maintained by the Association shall cover the Property, including, but not limited to, all Common Elements and Property and Limited Common Elements and Property, the Units and all improvements, fixtures and appliances contained within the Unit and building service equipment and common equipment, fixtures, personal property and supplies owned by the Association, but excluding any improvements or appliances subsequently added by an Owner and all other personal property of the Owner. The amount of any such hazard insurance obtained pursuant to this paragraph (a) shall be equal to one hundred percent (100%) of the current replacement cost of the Condominium, including the individual Units, at the time the insurance is purchased and at each renewal date without deduction for depreciation, exclusive of land, foundations, excavation and other items normally excluded from coverage. Such hazard insurance policy may, at the option of the Association, contain a "deductible" provision in an amount not to exceed the lesser of \$10,000 or one percent (1%) of the policy face amount. Funds to cover this deductible amount shall be included in the Association's reserve fund. The named insured under the policy shall be "Winfield Commons Condominium Association, for the use and benefit of the individual owners", or a specified authorized representative of the Association, including but not limited to any Insurance Trustee, and the Association or its representative, as the case may be, shall be designated to represent the Owners in any proceedings, negotiations or settlements under such policy. The "loss payable" clause of such policy shall show the Association or the, Insurance Trustee, if any, as a trustee for each Owner and each Mortgagee of a Unit. Such policy shall also contain a standard mortgage clause naming separately the Mortgagees of the Units, their successors and assigns. If the Executive Board fails within sixty (60) days after the date of an insured loss to initiate a claim for damages recoverable under the policy or policies obtained pursuant to this paragraph (a), any Mortgagee may initiate such a claim on behalf of the Association.

(b) Comprehensive Liability Insurance, including medical payments insurance, complying with the requirements of Section 16.2 hereof, insuring the Owners, in their capacity as Owners and Association members and any managing agent retained by the Association, against any liability to the public or to other Owners, their tenants or invitees, relating in any way to the ownership and/or use of the Common Elements, Limited Common Elements, and any other areas under the supervision of the Association and any part thereof. Such insurance policy shall contain a "severability of interest endorsement" or equivalent, coverage which precludes the insurer from denying the claim of an Owner because of the negligent acts of the Association or another Owner. Such insurance shall include coverage for bodily injury and property damage that results from the operation, maintenance or use of the Common Elements and Limited Common Elements, any liability resulting from lawsuits related to employment contracts in which the Association is a party, water damage liability, liability for non-owned and hired automobiles, liability for property of others, and such other risks as are customarily covered in similar projects. The amount of such liability insurance shall be at least \$1,000,000.00 for bodily injury and property damage

for any single occurrence. The scope and amount of coverage of all liability insurance policies shall be reviewed at least once each year by the Executive Board and may be changed in its discretion provided that such policies shall continue to comply with the requirements of this Section and Section 16.2 hereof. To the extent reasonably available, Mortgagees shall be named, upon their written request, as additional insureds under the Association's liability policy or policies.

(c) Such worker's compensation insurance as applicable laws may require.

(d) Insurance to satisfy the indemnification obligation of the Association and all Owners set out in Section 13.2 hereof if and to the extent available, including but not limited to insurance coverage commonly referred to as "Directors and Officers Insurance."

(e) If at any time it is determined that any part of the project's improvements are within a special flood hazard area, a master or blanket policy of flood insurance covering the Property, including but not limited to, all Common Elements and Limited Common Elements and property, the Units and all improvements, fixtures and appliances contained within the Unit or the value thereof, and building service equipment and common equipment, fixtures, personal property and supplies owned by the Association, but excluding any improvements or appliances subsequently added by a Owner and all other personal property of the Owner. The amount of any such flood insurance obtained pursuant to this paragraph (e) shall be equal to the lesser of one hundred percent (100%) of the insurable value of the property insured or the maximum coverage available under the appropriate National Flood Insurance Administration program. Such flood insurance policy may, at the option of the Association, contain a "deductible" provision in an amount not to exceed the lesser of \$5,000 or one percent (1%) of the policy face amount. Funds to cover this amount shall be included in the Association reserve fund.

Section 16.2. Required Provisions. Insurance obtained by the Association shall be in accordance with the following provisions:

(a) All policies shall be written with a company authorized to do business in the State of Maine and, for the hazard insurance policy described in Section 16.1(a) hereof, such company must hold a general policy holder's rating of at least "A" by Best's Insurance Reports, or by an equivalent rating bureau should Best's Insurance Reports cease to be issued.

(b) Exclusive authority to adjust losses under policies hereafter in force on the Property shall be vested in the Executive Board or its authorized representative.

(c) Each Owner may obtain additional insurance at his own expense; provided, however, that: (1) such policies shall not be invalidated by the waivers of subrogation required to be contained in policies required by this Declaration; and (2) no Owner shall be entitled to exercise his right to maintain insurance coverage in such a way as to decrease the amount which the Association may realize under any insurance policy which the Association may have in force on the Property at any particular time.

(d) Any Owner who obtains individual insurance policies covering any portion of the Property other than personal property belonging to such owner shall be required to file a copy of such individual policy or policies with the Association within thirty (30) days after purchase of such insurance.

(e) With respect to the insurance policies described in subsection (a) and (b) of Section 16.1 issued to the Association, and covering all or any part of the Property, the Association shall cause such policies to provide that: (1) Each Owner is an insured person under such policies with respect to liability arising out of his ownership of an undivided interest in the Common Elements or membership in the Association; (2) The insurer waives its right to subrogation under the policy against any Owner or

members of his household; (3) No act or omission by any Owner, unless acting within the scope of his authority on behalf of the Association will void such policies or be a condition to recovery under such policies or prejudice the coverage under such policies in any way; (4) If at the time of a loss under such policies there is other insurance in the name of a Owner covering the same risk covered by the policy, the Association's policy provides primary insurance; (5) The liability of the insurer shall not be affected by, and the insurer shall not claim, any right of set-off, counterclaim, apportionment, proration, or contribution by reason of any other insurance obtained by or for any Owner; (6) The insurer shall be relieved from no liability for loss occurring while the hazard to the Property is increased, whether or not within the knowledge or control of the Executive Board, or because of any breach of warranty or condition or any other act or neglect by the Executive Board or any Owner or any other person under either of them; (7) Such policies may not be cancelled nor may coverage thereunder be substantially changed (whether or not requested by the Executive Board) except by the insurer giving at least thirty (30) days prior written notice thereof to the Executive Board, the Insurance Trustee, if any, Owners, and every other party in interest who shall have requested such notice of the insurer; and (8) The insurer will recognize any Insurance Trust Agreement entered into by the Association.

Section 16.3. Insurance Trustee and Power of Attorney. Notwithstanding any of the provisions and requirements of this Article relating to property or liability insurance, the Executive Board may designate as an insured, on behalf of the Association, the Association's authorized representative, including any trustee with whom the Association may enter into any Insurance Trust Agreement or any successor to such trustee (hereinafter referred to as the "Insurance Trustee"), who shall have the exclusive authority to negotiate losses under any policy, providing such property or liability insurance.

Section 16.4. Repair of Damage or Destruction to Condominium. The repair or replacement of any damaged or destroyed portion of the Condominium shall be done in accordance with and governed by the provisions of Sections 1603-113(e) and (h) of the Condominium Act.

Section 16.5. Additional Insurance. Nothing in this Declaration shall be construed to limit the authority of the Executive Board to obtain additional insurance which it deems advisable.

ARTICLE 17

ASSIGNABILITY OF DECLARANT'S RIGHTS

The Declarant may assign any or all of its rights or privileges reserved or established by this Declaration or the Act in accordance with the provisions of the applicable Act.

ARTICLE 18

AMENDMENT OF DECLARATION

Pursuant to Section 1602-117 of the Condominium Act and except as provided herein for amendments which may be executed by the Declarant, the Association or certain Owners, this Declaration may be amended only by vote or agreement of owners of Units to which at least sixty-seven percent (67%) of the votes in the Association are allocated. In addition, approval of amendments of a material nature must be obtained from Eligible Mortgage Holders representing at least 51% of the votes of Units that are subject to mortgages held by Eligible Mortgage Holders. A change to any of the following, except where such change may be effected by the Declarant, the Association or certain Owners under the Act or this Declaration, would be considered as material:

- (a) voting rights;
- (b) assessments, assessment liens, or subordination of assessment liens;
- (c) reserves for maintenance, repair and replacement of Common Elements;
- (d) responsibility for maintenance and repairs;
- (e) reallocation of interests in the Common or Limited Common Elements, or rights to their use;
- (f) boundaries of any Unit;
- (g) convertibility of Units into Common Elements or Common Elements into Units;
- (h) expansion or contraction of the Condominium, or the addition, annexation or withdrawal of property to or from the Condominium;
- (i) insurance or fidelity bonds;
- (j) leasing of Units;
- (k) imposition of any restrictions on an Owner's right to sell or transfer his or her Unit;
- (l) a decision by the Association to establish self management when professional management had been required previously by an Eligible Mortgage Holder;
- (m) restoration or repair of the Condominium (after a hazard damage or partial condemnation) in a manner other than that specified in the Condominium Documents;
- (n) any action to terminate the legal status of the Condominium after substantial destruction or condemnation occurs; or
- (o) any provisions that expressly benefit holders, insurers or guarantors of mortgages on the Units.

If the amendment is not of such a material nature, such as the correction of a technical error or the clarification of a statement, the approval of an Eligible Mortgage Holder may be assumed when that eligible Mortgage Holder has failed to submit response to any written proposal for an amendment within thirty (30) days after the proposal is made.

ARTICLE 19

TERMINATION

The Condominium may be terminated only by agreement of the Owners of Units to which eighty percent (80%) of the votes in the Association are allocated; provided, however, that if the Condominium is being terminated for reasons other than substantial destruction or condemnation of the Condominium, the termination of the Condominium must also be approved by Eligible Mortgage Holders of Units to which at least sixty-seven percent (67%) of the votes of Units subject to mortgages held by Eligible Mortgage Holders are allocated. Termination of the Condominium will be governed by the provisions of Section 1602-118 of the Condominium Act.

ARTICLE 20

ATTORNEY IN FACT

Each Owner by his acceptance of the deed or other conveyance vesting in him a Unit does hereby constitute and appoint the Managing Agent acting from time to time with full power of substitution, as his true and lawful attorney in his name, place and stead to enter into all agreements which the Managing

Agent is authorized to enter into pursuant to the terms of this Declaration and which the Managing Agent in its discretion may believe are necessary and proper to carry out the agent's responsibilities and duties. Each Owner stipulates and agrees that the Power of Attorney created by this Article 20 is coupled with an interest. The action of the Managing Agent in settling any claim for damage to any personal property shall be binding upon each Owner in the absence of fraud or clear mistake.

ARTICLE 21

GENERAL PROVISIONS

Section 20.1. Headings. The headings used in this Declaration and the table of contents are inserted solely as a matter of convenience for the readers of this Declaration and shall not be relied upon or used in construing the effect or meaning of any of the provisions of this Declaration.

Section 20.2. Severability. The provisions of this Declaration shall be deemed independent and severable, and the invalidity or unenforceability of any provision or portion thereof shall not affect the validity or enforceability of any other provision or portion hereof unless such deletions shall destroy the uniform plan of development and operation of the Condominium which this Declaration is intended to create.

Section 20.3. Applicable Law. This Declaration shall be governed and construed according to the laws of the State of Maine.

Section 20.4. Interpretation. The provisions of this Declaration shall be liberally construed in order to effect Declarant's desire to create a uniform plan for development and operation of the Condominium.

Section 20.5. Effective Date. This Declaration shall become effective when it and the Plats and Plans have been recorded.

Section 20.6. Notices. Unless otherwise provided by the Condominium Documents, all notices and other communications required or permitted to be given under or in connection with this Declaration shall be in writing and shall be deemed given when delivered in person or on the third business day after the day on which mailed by regular U.S. mail, postage prepaid, addressed to the address maintained in the register of current addresses established by the Association.

Section 20.7. Exhibits. All exhibits attached to this Declaration are hereby made a part of this Declaration.

Section 20.8. Pronouns. Wherever used, the singular number shall include the plural, the plural the singular and the use of any gender shall include all genders.

IN WITNESS WHEREOF, NORTH STREET DEVELOPMENT, LLC has caused this Declaration to be sealed with its corporate seal and signed in its corporate name by _____, its, _____ thereunto duly authorized, this ____ day of the month of _____, 2005.

SIGNED, SEALED AND DELIVERED
In the presence of:

NORTH STREET DEVELOPMENT, LLC

By: _____
Name: _____
Its: _____

STATE OF MAINE
YORK, SS.

_____, 2005

Then personally appeared the above-named _____, the _____ of North Street Development, LLC, and acknowledged the foregoing instrument to be his/her free act and deed in his/her said capacity and the free act and deed of said limited liability company.

Before me,

Notary Public/Attorney at Law
Name: _____
Commission Expires: _____